

62-32509

Section

6

JOHN EDGAR HOOVER
DIRECTOR

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

EAT:GVC

July 9, 1939

Time: 3:07 p.m.

MEMORANDUM FOR THE DIRECTOR

RE: POLITICAL SITUATION
IN LOUISIANA

I talked telephonically with SAC Sackett of New Orleans with reference to the last paragraph of the attached memorandum dated July 8, 1939, in which Mr. Sackett requested authority from the Bureau to obtain some information from a safe company relative to a safe which allegedly was constructed in ex-Governor Leche's home. I told Mr. Sackett he was authorized to get this information and give it to United States Attorney Viosca.

Mr. Sackett stated that the WPA Investigators yesterday picked up one Eugene ~~Barksdale~~, acting Construction Superintendent at Louisiana State University, charging him with diversion of ~~WPA~~ materials. One James ~~Marshall~~ was picked up the day before this, making three persons altogether that have been charged in a Commissioners complaint with WPA violations.

RECORDED & INDEXED

Mr. Sackett said that Agent Weeks was on his way to Washington for retraining and he has something to discuss with me which Mr. Sackett did not care to mention on the telephone.

It is Mr. Sackett's opinion that Alice Grosjean, formerly Huey P. Long's secretary, should be interviewed thoroughly by someone who has a background of the case, as she was asked by the Agent who interviewed her what information she had and she said if she was asked specifically questions on the different angles of the matter, she would answer the questions, otherwise she would not. The newspaper column, "Washington Kerry-Go-Round", states that she has kept photostatic evidence of the irregularities which have been performed.

Respectfully,

EAT

E. A. TALL

DE-INDEXED

DATE:

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21.

61-58617-11
86-1045-44
11-4-1939

62-32509-143

AK

JOHN EDGAR HOOVER
DIRECTOR

**Federal Bureau of Investigation
United States Department of Justice**

Washington, D. C.

July 8, 1939

LRP:TEB

Time 11:05 a.m.

MEMORANDUM FOR MR. TAMM

Re: **POLITICAL SITUATION
IN LOUISIANA**

Mr. Tolson	.....
Mr. Nathan	.....
Mr. E. A. Tamm	.....
Mr. Clegg	.....
Mr. Coffey	.....
Mr. Egan	.....
Mr. Glavin	.....
Mr. Crowl	.....
Mr. Harbo	.....
Mr. Lester	.....
Mr. Lawler	.....
Mr. Nichols	.....
Mr. Rosen	.....
Mr. Sours	.....
Mr. Quinn Tamm	.....
Mr. Tracy	.....
Miss Gandy	.....

SAC Sackett called from New Orleans in connection with the above matter and advised that according to the newspapers this morning State Attorney General Dave Ellison sent a telegram to Attorney General Murphy requesting General Murphy to permit U. S. Attorney Viosca to make available to Ellison all of the information in the possession of his Office, presumably that which was presented to the Federal Grand Jury is also included, which relates to any State violations. SAC Sackett stated Ellison has taken the attitude that he is willing to cooperate with the Federal Government in every way and in turn wants the Federal Government to cooperate with him by furnishing all evidence or information to him which has to do with State violations or irregularities.

According to Mr. Sackett it appears that Ellison called Mr. Viosca yesterday requesting a conference for the purpose of exchanging information and at that time Mr. Viosca told him that he was prohibited by the rules of the Department of Justice from furnishing any information except under the expressed authority of the Attorney General. Apparently, in view of this, Ellison sent the above mentioned telegram to the Attorney General.

Mr. Sackett stated he had just received, through an Assistant U. S. Attorney, a message from Mr. Viosca, who is presently at his Summer home in St. Louis for the day, requesting him to send information to the Attorney General to the effect that he does not want to furnish any information to Ellison for the reason that Ellison is an appointee of ex-Governor Leche and there is every indication that Ellison himself is involved in this matter. Mr. Sackett requested that this information be furnished to the Director.

86-1043-44
7-4-1939

62-32507-111X

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W

MEMO FOR MR. TAMM

- 2 -

7-8-39

Mr. Sackett stated that in a teletype Thursday he transmitted a request from the U. S. Attorney asking him to obtain some information from a safe company relative to a safe which allegedly was constructed in ex-Governor Leche's home. Mr. Sackett stated he has received no authority from the Bureau as yet to conduct this investigation and as the U. S. Attorney is anxious about this matter he requested advice as to whether he should proceed with the requested investigation.

Respectfully,

L. R. Pennington
L. R. PENNINGTON

See that all such requests
are promptly acted upon.

24.

FEDERAL BUREAU OF INVESTIGATION

1939

<input checked="" type="checkbox"/> The Director	Files Section
<input type="checkbox"/> Mr. Nathan	Personnel Files
<input type="checkbox"/> Mr. Tolson	Identification Division
<input type="checkbox"/> Mr. Clegg	Technical Laboratory
<input type="checkbox"/> Mr. Glavin	Mechanical Section
<input type="checkbox"/> Mr. Nichols	Chief Clerk's Office
<input type="checkbox"/> Mr. Crowl	Crime Statistics
<input type="checkbox"/> Mr. Tracy	

SUPERVISORS

<input type="checkbox"/> Mr. Balch	<input type="checkbox"/> Mr. Cornelius	<input type="checkbox"/> Mr. Lawler
<input type="checkbox"/> Mr. Bellino	<input type="checkbox"/> Mr. Guerin	<input type="checkbox"/> Mr. McIntire
<input type="checkbox"/> Mr. Bickley	<input type="checkbox"/> Mr. Hayden	<input type="checkbox"/> Mr. Pennington
<input type="checkbox"/> Mr. Brennan	<input type="checkbox"/> Mr. Hogan	<input type="checkbox"/> Mr. Rosen
<input type="checkbox"/> Mr. Carson	<input type="checkbox"/> Mr. Kimball	<input type="checkbox"/> Mr. Sears
<input type="checkbox"/> Mr. Chambers	<input type="checkbox"/> Mr. Kramer	<input type="checkbox"/> Mr. Zimmer

* * *

<input type="checkbox"/> Miss Gandy	<input checked="" type="checkbox"/> Mr. Tolson	Bring file up to date
<input type="checkbox"/> Mr. West	<input checked="" type="checkbox"/> Mr. Nathan	Send File
<input type="checkbox"/> Mrs. Morton	<input checked="" type="checkbox"/> Mr. E. A. Tamm	Correct
<input type="checkbox"/> Miss Coe	<input checked="" type="checkbox"/> Mr. Clegg	Call me regarding this
<input type="checkbox"/> Mr. Albaugh	<input checked="" type="checkbox"/> Mr. Coffey	Note and Return
<input type="checkbox"/> Mr. Halter	<input checked="" type="checkbox"/> Mr. Egan	Search, serialize and route
<input type="checkbox"/> Miss Conlon	<input checked="" type="checkbox"/> Mr. Glavin	Stenographers 5724
<input type="checkbox"/> Mr. Gauthier	<input checked="" type="checkbox"/> Mr. Crowl	Stenographers 5730
<input type="checkbox"/> Typists - 5724	<input checked="" type="checkbox"/> Mr. Barbo	Stenographers 5706
<input type="checkbox"/> Stenographers - 5716	<input checked="" type="checkbox"/> Mr. Lawler	Prepare tickler for
<input type="checkbox"/> See Me	<input type="checkbox"/> Mr. Nichols	
	<input type="checkbox"/> Mr. Rosen	
	<input type="checkbox"/> Mr. Sears	
	<input type="checkbox"/> Mr. Quinn Tamm	
	<input type="checkbox"/> Mr. Tracy	
	<input type="checkbox"/> Miss Gandy	

E. A. TAMM - 5734.

JFS:COM

Time: 4:45 p.m.

June 29, 1938

MEMORANDUM FOR MR. TAME

RE: POLITICAL SITUATION IN LOUISIANA
DR. JAMES MONROE SMITH

Mr. *Y*
SAC Bugas called from Detroit to advise he had just learned that Smith and his wife bought a Ford car from an agency in Dearborn, Michigan, on Tuesday, June 27, for which they paid about \$800.00 in cash. The lady gave the name of T. L. Smith at the time of the purchase.

A license plate was obtained for the car and a check by the Detroit Police Department and other authorities in Detroit has reflected that the car went into Windsor, Canada, from Detroit between 4:00 p.m. and midnight, probably shortly after 4:00 p.m., on Tuesday, June 27.

The license number is 48792, 1938 Michigan plates. Mr. Bugas did not have the motor number but he is to obtain that information.

Dr. Smith and his wife purchased visitors permit No. P-20542.

In answer to my inquiry, Mr. Bugas stated that Docter and Mrs. Smith have been definitely identified from the descriptions that appeared in a teletype.

According to Bugas, the Detroit Police and the Michigan State Police have been vigorously investigating this case since Monday. I instructed him to keep his investigation very discreet and that if there is anything the Bureau wants he would be advised.

Respectfully,

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INDEXED

U. S. DEPT. OF JUSTICE

62-37579-14
FEDERAL BUREAU OF INVESTIGATION

JUL 19

U. S. DEPARTMENT OF JUSTICE

TAME

5

1308 Masonic Temple Bldg.,
New Orleans, La.
July 17, 1939.

Hon. Rene A. Viosca,
United States Attorney,
New Orleans, Louisiana.

Re: LOUISIANA STATE OFFICIALS;
INFORMATION CONCERNING.

Dear Mr. Viosca:

In accordance with the past procedure of this office, there is being transmitted herewith information obtained from an anonymous informant who calls himself "TOM", also copies of two letters which were addressed to the Attorney General.

The informant who calls himself "TOM" and has called this office on previous occasions and furnished information, the substance of which has been furnished you, again telephonically contacted this office on July 17, 1939. He advised that the Times Picayune dated July 16, 1939, carried some information relative to State Senator JAMES A. NOE exposing irregularities relative to the permission of the operation of hand books in New Orleans. He advised that all the persons operating hand books are protected by New Orleans Criminal District Attorney CHARLES BYRNE, and that he believes BYRNE has not paid any income tax on the money he received.

He advised that all State employees of Louisiana, and employees of the City of New Orleans, are required to contribute 5% of their salaries; that the persons who collected this were very careful not to collect 5% contributions from employees who were receiving compensation from the Federal Government. He advised that the Ward leaders in the City of New Orleans also collected an additional 1% and that the only Ward leader he knew who spent this money for entertaining the persons in his Ward was a Mr. McCONNELL, the leader of the 17th Ward.

He advised that JIMMIE MORRISON, who was defeated in a Congressional election about a year ago, had a good deal of information in connection with irregularities at Charity Hospital, New Orleans.

UNRECORDED COPY FILED IN 74-4-1785-487

7-17-39.

This informant advised that he considered DR. LORIO, a doctor in Baton Rouge, as the principal figure in Louisiana irregularities, and that the former Governor R. W. LECHE merely carried out DR. LORIO'S orders.

This individual, in another telephone conversation advised that A. J. PARBACHER, 201 S. Rampart Street, New Orleans, whom he had previously mentioned, and who was in the hand book racket, was related to CHARLES A. BYRNES. He advised that PERCY ABBOTT of New Orleans, who had a criminal record, was the go-between for CHARLES BYRNES, the Chief of Police and the Mayor; that JIMMIE MORAN is the right hand man for the Mayor.

He advised that EDDIE BURKE, New Orleans attorney, acted as a messenger between the former Governor R. W. LECHE and attorneys relating to pardon matters and that this man was paid off as was R. W. LECHE whenever a pardon was issued, but that BURKE did not participate in the graft to the extent that LECHE did. This informant further advised that he understood R. W. LECHE received material from the Charity Hospital in New Orleans which he used on his Covington estate.

The two letters previously mentioned as received by the Attorney General are quoted as follows:

Mansura, La., July 1st, 1939

Att'y General Frank Murphy,
Washington, D. C.

Dear Sir:

The letter of Rev. Ira Day Lang rector of St. George's episcopal church, I am for it. When ever an investigation is made of Fraud in voting in this state, please conduct one in Avoyelles Parish - I will be only to glad to testify in an election held Sept. 1938.

Yours truly

/s/ Guy J. Prevot

Baskin, La.
July 8, 1939.

7-17-39.

U. S. Attorney General F. Murphy
Washington, D. C.

Hon. Mr. Murphy:

I am writing you in connection with recent investigations in La. It has been rumored that an investigation would be made into the "Kick In" collected from all State employees.

I wish to say that I have worked for the state for three years, or up until Oct. 31st 1936. At that date I quit working for them. Every check we recd. we had to kick in 5%. I was getting \$2.50 with the exception of about three months that I recd. \$5.00 per day. During this period I payed in or kicked in about \$140.00. The kick in was made at the district office or a man would call out on the work to take this "kick in" up. They would not give you a receipt or let you pay by check. Failure to "kick in" automatically removed you from the pay-rolls. As this is a very unfair practice I would like to see it investigated.

I didn't know just who to write but decided to write you. They are so closely associated at Baton Rouge until it would be useless to ask for an investigation from our State Attorney General.

Would it be necessary for me to make an affidavit out to begin a clean up or just what? No present employee of the State can do this as he would be fired outright.

I will be expecting a reply from you.

Thank you

Very Truly

James W. Reagan.

Very truly yours,

CWD:WH
cc-Bureau

B. E. Sackett,
Special Agent in Charge.

ORIGINAL FILED IN 6-1

67-3250-110
FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE
JUN 28 1939

RECORDED
&
INDEXED

SMITHS IRREGULARITIES. FEDERAL GRAND JURY AT NEW ORLEANS VOLUNTARILY

CONVENE BATON ROUGE TOMORROW MORNING TO HEAR TESTIMONY REGARDING

THAT SPECIAL SESSION OF EAST BATON ROUGE PARISH GRAND JURY WILL

INFORMATION LEADING TO SMITHS ARREST. INFORMATION JUST RECEIVED

TWO HUNDRED AND FIFTY DOLLARS, NOT PAYABLE TO PEACE OFFICERS, FOR

A DECRETION OF EAST BATON ROUGE PARISH TODAY OFFERED PERSONAL REWARD OF

HAVE NOT BEEN LEARNED AS YET. SMITH NOT YET LOCATED AND SHERIFF NEWMAN

PROCEEDS IN SMITHS BROKERAGE ACCOUNT. THE NAMES OF THESE OFFICIALS

TO VARIOUS HIGH OFFICIALS OF STATE ADMINISTRATION REPRESENTING

NUMBER OF OCCASIONS PURSUANT TO SMITHS ORDERS, MADE CHECKS PAYABLE

AND BRANE. FURTHER THAN PENNER AND BRANE, BROKERAGE CONCERN, ON A

BANK JUNE FIFTEENTH EVIDENTLY USED TO PAY BROKERAGE ACCOUNT PENNER

ONE HUNDRED THOUSAND DOLLARS SECURED FROM THE HIBERNIA NATIONAL

FRAUDULENT LOUISIANA STATE UNIVERSITY BONDS AS COLLATERAL. THE

AMOUNTS BEING OBTAINED RECENTLY, DATE NOT KNOWN, BY PUTTING UP

DOLLARS FROM CITY NATIONAL BANK AT BATON ROUGE, THESE LAST TWO

NATIONAL BANK OF COMMERCE NEW ORLEANS AND ONE HUNDRED THOUSAND

FIFTEENTH AND ALSO RECEIVED THREE HUNDRED THOUSAND DOLLARS FROM

DOLLARS CASE LOAN THROUGH HIBERNIA NATIONAL BANK OF NEW ORLEANS JUNE

INDICATING JAMES MONROE SMITH SECURED THE ONE HUNDRED THOUSAND

LOUISIANA POLITICAL SITUATION. I RECEIVED CONFIDENTIAL INFORMATION

DIRECTOR

FBI NEW ORLEANS 6-27-39 3-25 PM WH

TELETYPE

COPY (GMR)

*Political Situation
Lamson*

REQUESTED OF USA OPPORTUNITY TO INVESTIGATE WPA IRREGULARITIES AT BATON ROUGE. WPA INVESTIGATORS HAVE INDICATED TO USA HERE THAT INDIVIDUALS WHO MADE AFFIDAVITS CHARGING WPA IRREGULARITIES DECLINED TO MAKE WRITTEN STATEMENTS. USA TODAY HAS HAD GRAND JURY SUBPOENAS ISSUED TO VARIOUS WPA EMPLOYERS TO TESTIFY BEFORE GRAND JURY COMMENCING THIS FRIDAY. USA EXPECTS TESTIMONY TO BE GIVEN BEFORE FEDERAL GRAND JURY OVER A PERIOD OF SEVERAL WEEKS. ALLEGATIONS OF IRREGULARITY INCLUDE INFORMATION THAT CERTAIN BUILDINGS WERE FABRICATED IN THE COLISEUM OF LOUISIANA STATE UNIVERSITY BY WPA WORKERS WITH WPA FUNDS AND THEN TAKEN TO PRIVATE RESIDENCE OF EX GOVERNOR ^{Richard} LECHE AT COVINGTON LOUISIANA AND THEN SET UP AS HOUSES. INDICATIONS ALSO ARE THAT SUPERINTENDENT OF CONSTRUCTION AT LOUISIANA STATE UNIVERSITY IS UNDER INVESTIGATION IN THIS REGARD. EVIDENTLY WPA INVESTIGATORS HAVE NOT YET SUBMITTED A WRITTEN REPORT TO THE USA HERE. STAFF MEN OF NEW YORK TIMES AND NEW YORK HERALD TRIBUNE NEWSPAPERS PRESENTLY IN NEW ORLEANS COLLABORATING WITH NEW ORLEANS TEM TRIBUNE STAFF. THE NEW YORK TIMES REPRESENTATIVE TOLD MY INFORMANT HE HEARD DEFINITE RUMORS THAT YOU WERE COMING TO NEW ORLEANS PERSONALLY TO INVESTIGATE THE LOUISIANA SITUATION. FROM ANOTHER SOURCE I LEARNED THAT SOMEONE ALLEGEDLY FRIENDLY WITH EARL LONG IS TELLING A STORY TO THE EFFECT THAT HE SAW A TELEGRAM LAST NIGHT IN LONGS POSSESSION FROM YOU TO EARL LONG SAYING YOU WERE COMING TO LOUISIANA TO INSTITUTE AN INVESTIGATION. A STAFF REPRESENTATIVE OF THE CHICAGO TRIBUNE NEWSPAPER IS HEREY COLLABORATING

C O P Y (cont)

WITH THE STAFF OF THE NEW ORLEANS STATES AND TIMES PICTURES.

CONSEQUENTLY, THE ARTICLES IN THE CHICAGO TRIBUNE WILL PROBABLY

BE MORE FICTITIOUS AND WILL STATE INVESTIGATION THAT THERE WILL

APPEAR IN THE TWO NEW YORK PAPERS MENTIONED A FEW LONG AGO THAT ISSUED

PUBLIC STATEMENT EXPRESSING INTENTION TO RETURN THE THOMAS

INVESTIGATION INTO ALL BRANCHES OF THE STATE GOVERNMENT AFTER THOMAS

SOME OF HIS FRIENDS MIGHT FEEL THE KETTERBOS THREAT. LECHE LEFT FOR

HIS HOME AT COVINGTON LAST NIGHT IMMEDIATELY AFTER RESIGNING AND IS

BELIEVED TO BE THERE TODAY. ACCORDING TO NEWSPAPER PICTURES AND

COMMENTS HIS HEALTH APPEARS VERY MUCH IMPROVED. INFORMATION THAT

CONGRESSIONAL COMMITTEE WILL TODAY START INVESTIGATION HERE OF WPA

ADMINISTRATION IS ERRONEOUS. CONGRESSIONAL COMMITTEE HOWEVER IS

EXPECTED TO CONDUCT INVESTIGATION HERE UPON RECEIVING ADDITIONAL

FUNDS. REPRESENTATIVE CLINTON W. WOODRUM OF VIRGINIA WAS CHAIRMAN

OF THIS SUB COMMITTEE. DR. E. S. RICHARDSON WHO LAST NIGHT WAS

NAMED PRESIDENT OF LOUISIANA STATE UNIVERSITY TODAY ANNOUNCED HE

DECLINED TO ACCEPT APPOINTMENT, THEREUPON GOVERNOR LONG IMMEDIATELY

NAMED PAUL M. HERBERT, DEAN OF LOUISIANA STATE UNIVERSITY LAW SCHOOL,

AS ACTING PRESIDENT OF THE UNIVERSITY.

SECRET

ENC

OF FBI WASHINGTON DC REA

**Federal Bureau of Investigation
United States Department of Justice**

New Orleans, Louisiana
July 18, 1939

Director,
Federal Bureau of Investigation,
Washington, D.C.

Dear Sir:

RE: MONTE E. HART - MAIL FRAUD
LOUISIANA STATE OFFICIALS - INFORMATION
CONCERNING

I am transmitting herewith a copy of the indictment which was returned by the Federal grand jury yesterday against MONTE E. HART, JAMES MONROE SMITH, J. EMORY ADAMS, SEYMOUR WEISS and LOUIS C. LESAGE in connection with the Mail Fraud offense. There are also attached hereto copies of the following statements which were turned over to this office by Assistant United States Attorney Leon Hubert:

- (1) Statement made in the office of the Intelligence Unit, Room 343, Post Office Building, New Orleans, Louisiana, at 9:30 A. M. July 17, 1939, by SEYMOUR WEISS.
- (2) Statement made in the office of the Intelligence Unit, Room 323, Post Office Building, New Orleans, Louisiana, July 12, 1939, by LOUIS C. LESAGE.
- (3) Statement made in the office of the Intelligence Unit, Room 323, Post Office Building, New Orleans, Louisiana, July 14, 1939, by LEON C. WEISS.

A transcript of the evidence of MONTE HART given before the grand jury on July 6, July 12 and July 14, 1939, will be summarized and transmitted to the Bureau by air mail, special delivery, tomorrow.

Insofar as this office has been able to ascertain, the evidence transmitted herewith and that previously transmitted to the Bureau is all of the evidence which has been obtained to support the indictment which was returned yesterday. It is not believed that the United States Attorney or the agency investigating this case has any evidence additional to that which has been furnished the Bureau.

RECORDED & INDEXED

Very truly yours,

E. E. Backett
E. E. BACKETT,
Special Agent in Charge

ELB:sh
Enclosures
AND

62 22509-144

FEDERAL BUREAU OF INVESTIGATION
JUL 19 1939
U. S. DEPARTMENT OF JUSTICE
TAKEN TWO

5-162-71
96-1045-39
RECORDED COPY FILED

by mail according to the direction therein by the post office establishment of the United States at New Orleans, Louisiana, a certain letter enclosed in a postpaid envelope addressed to New Orleans Branch, Federal Reserve Bank of Atlanta, New Orleans, Louisiana, which said letter was and is of the tenor following, to-wit:

From M. L. M.

14-01 NEW ORLEANS BRANCH

24-01

150000

FEDERAL RESERVE BANK

OF ATLANTA

NEW ORLEANS, LA.

RE NEW ORLEANS BRANCH, NEW ORLEANS, LA., MAY 14, 1941, AND NEW ORLEANS BRANCH, NEW ORLEANS, LA., MAY 14, 1941.

RE NEW ORLEANS BRANCH, NEW ORLEANS, LA., MAY 14, 1941.

RE NEW ORLEANS BRANCH, NEW ORLEANS, LA., MAY 14, 1941.

RE NEW ORLEANS BRANCH, NEW ORLEANS, LA., MAY 14, 1941.

RE NEW ORLEANS BRANCH, NEW ORLEANS, LA., MAY 14, 1941.

RE NEW ORLEANS BRANCH, NEW ORLEANS, LA., MAY 14, 1941.

That at the time of causing to be delivered by mail according to the direction

thereon the said letter, as aforesaid, the said defendant, HERBERT E. KARE,

JAMES HENRY KARE, J. HENRY KARE, JAMES HENRY KARE and JAMES H. KARE then

and there well knew that the said letter was for the purpose of executing the

said system and thereby and for the purpose of executing the Louisiana

State University and Agricultural and Mechanical College, the State of

Louisiana, and the Governors of the State of Louisiana, contrary to the laws

of the state in such case made and provided and against the peace and

and dignity of the United States.

(Signed) J. JOSE ROSEN
ASSISTANT ATTORNEY GENERAL
OF THE UNITED STATES

(Signed) ARNOLD RABIN
SPECIAL ASSISTANT TO THE ATTORNEY
GENERAL and SPECIAL ASSISTANT TO
THE UNITED STATES ATTORNEY

(Signed) JAMES A. YERGEN
ATTORNEY AT LAW

(Signed) HERBERT E. CHRISTENSEN
ASSISTANT U. S. ATTORNEY

(Signed) LEON D. HUBERT, JR.
ASSISTANT U. S. ATTORNEY

(b)(6) (b)(7)(C) (b)(7)(D)

1941-1942

Pay to the order of
ANY BANK, BANKER OR MERCHANT CO
Prior endorsements guaranteed
JUN 14 1964

Very truly yours,

THE UNIVERSITY OF CHICAGO

My very best, Mother
in Christ Co., at Cedar
River, Minnesota. Guaranteed
by the National Bank of
the United States - 14-20

[illegible]

44 45

that the said money was used, with their entire approval, to further proceed and charge with the defendants, JOHN H. BROWN, JOHN BROWN, JOHN J. BROWN, JOHN BROWN, JOHN BROWN and JOHN A. BROWN, with intent and otherwise wilfully to pass said money, as is shown by the first count of this indictment, and within the jurisdiction of this Court, as having unlawfully, wilfully, knowingly, feloniously and fraudulently devised a scheme and artifice by means and to obtain money and property to wit: of value and financial resources, representations and claims, that is to say, the same scheme and artifice that is set forth and described in the said first count of this indictment, the allegations concerning which in said first count, are incorporated by reference thereto in this count as fully as if they were here repeated, and for the purpose of executing said scheme and artifice, unlawfully, wilfully and feloniously did knowingly deposit and cause to be delivered

to said equipment, fixtures and other contents of the Bienville Hotel pretended to be conveyed to the Louisiana State University and Agricultural and Mechanical College in consideration of the cash payment of \$75,000 and that all of said defendants well knew that the said National Equipment Company, Inc., could convey no title or right to said property.

And the said Grand Jurors say, present and find that each and every one of the pretenses, representations and claims made and intended to be made by the said defendants were false and untrue and known to be false and untrue by the said defendants at the time and place and in the manner and for the purpose and with the intention of obtaining from Louisiana State University and Agricultural and Mechanical College and the State of Louisiana the sum of \$75,000 not lawfully due, and converting the same to the use and benefit of said defendants.

That ROBERT E. HARR, JAMES MONROE SMITH, J. MONTE ADAMS, GEORGE HENRI and LOUIS B. LIZARD, the defendants herein, on the 27th day of October, 1938, at New Orleans, Louisiana, in the New Orleans Division of the Eastern District of Louisiana and within the jurisdiction of this Court for the purpose of executing the scheme and artifice aforesaid, unlawfully, fraudulently and feloniously did knowingly deposit and cause to be deposited in an authorized depository for mail matter of the United States at New Orleans, Louisiana, a certain cash letter and check enclosed in a postpaid envelope addressed to City National Bank, Baton Rouge, Louisiana, to be sent and delivered by the post office establishment of the United States, the face and reverse of which said check were and are of the following tenor, to-wit:

Auxiliary Auxiliary No. 1754

LOUISIANA STATE UNIVERSITY AND A. & M. COLLEGE

Baton Rouge, La., Oct 20 1938 1938

Pay to the
Order of

National Equipment Co. Inc. — \$75,000.00

\$75,000 & 00/100

DOLLARS

Louisiana State University and A. & M. College

TO
CITY NATIONAL BANK
Baton Rouge, La.

(Signed) C. G. Johnson
Auditor

This voucher-check, when properly endorsed, becomes receipt in full for items listed. Alterations and erasures render null and void; return if not correct."

16

by National Equipment Company, Inc., of furnishings and equipment of the said Bienville Hotel for the sum of \$75,000; that the defendant, JAMES MONROE SMITH approved for payment the said invoice for \$75,000 and caused the check of the Louisiana State University and Agricultural and Mechanical College to the order of the National Equipment Company, Inc., in the sum of \$75,000 to issue; that the defendant, MONTE E. HART, obtained possession of said check for \$75,000; that the said MONTE E. HART then procured the endorsement of one

T. M. Jones, Vice-President of the National Equipment Company, Inc., to the said check, which check was cashed by MONTE E. HART at the City Branch of the Whitney National Bank in New Orleans, Louisiana, and which bank the said MONTE E. HART carried an account with; that on the 17th day of October, 1938, the said check was cashed at the said City Branch of the Whitney National Bank and the sum of \$75,000 in currency was issued to the cash of the defendant, MONTE E. HART; that the defendant, MONTE E. HART, thereupon gave the defendant, J. MONROE SMITH the sum of \$25,000 in currency, of which amount the said defendant, J. MONROE SMITH, then gave the defendant, JAMES MONROE SMITH, \$15,000 in

currency, retaining the remainder as his own property for his own use and benefit; that the said defendant, MONTE E. HART, on the 27th day of October, 1938, deposited the remaining \$50,000 in cash in the account of the National Equipment Company, Inc., in the City Branch of the Whitney National Bank, New Orleans; that on the 28th day of November, 1938, the defendant, MONTE E. HART, drew a check on the said account of the National Equipment Company, Inc., in the City Branch of the Whitney National Bank payable to the order of the defendant, LOUIS C. LEECH, in the sum of \$25,000; that the said LOUIS C. LEECH cashed the said check on the 15th day of December, 1938, at the City Branch of the Whitney National Bank; that the defendant, LOUIS C. LEECH, then paid to the defendant, EUGENE WEISS, the sum of \$15,000 in currency and retained the balance of the said sum of \$25,000 as his own property and for his own use and benefit; that the defendant, MONTE E. HART, received from the National Equipment Company, Inc., the sum of \$19,066.91 as his own property and for his own use and benefit.

And your Grand Jurors further proceed and charge: That in pursuance of said scheme and for the purpose of carrying out said scheme, the defendant, MONTE E. HART, on his own behalf and on behalf of the other defendants herein,

James, who sold the Miami Hotel Company, Inc., acting through its agents, the defendants, Skymour Wims and Monte E. Hart, began negotiations with Richard B. Leche, Governor of Louisiana, and with the defendant James Monroe Smith, for the sale of the said Miami Hotel, with all its equipment and contents to the Louisiana State University and Agricultural and Mechanical College for the sum of \$775,000; that on or about September 22, 1934, as a result of said negotiations the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College, Baton Rouge, Louisiana, authorized the sale of the said Miami Hotel, with all its equipment and contents to the Louisiana State University and Agricultural and Mechanical College for the sum of \$775,000; that said sale was made by the National Equipment Company, Inc., of which the defendant, Skymour Wims, was president, and the defendant, James Monroe Smith, was principal shareholder and president, under the false and fraudulent pretense and representation that the said National Equipment Company, Inc., would sell and deliver to the Louisiana State University and Agricultural and Mechanical College the equipment, fixtures and other contents of the Miami Hotel; and all of the defendants herein agreed among themselves that they would

lead their actual aid and assistance in effecting the said pretended sale and in making a surreptitious distribution of the said sum of \$775,000, proceeds thereof; that the defendant, MONTE E. HART, and the defendant, SKYMOUR WIMS, prepared and caused to be prepared an invoice on a billhead of the National Equipment Company, Inc., addressed to Louisiana State University and Agricultural and Mechanical College, Baton Rouge, Louisiana, which invoice purported to cover the sale to Louisiana State University and Agricultural and Mechanical College

[illegible]

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* * *

James, the Gulf Ice & Cold Storage Company, Inc., acting through its agents, the defendants, GEORGE WILSON and JOHN E. HART, made negotiations with Richard B. Latta, Governor of Louisiana, and with the defendant James Charles Smith, for the sale of the said Bienville Hotel, with all its equipment and contents to the Louisiana State University and Agricultural and Mechanical College for the sum of \$275,000; that on or about September 23, 1932, as a result of said negotiations the Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College adopted a resolution authorizing the purchase of the said Bienville Hotel, together with all its equipment and contents, for the sum of \$275,000, which said sum was paid to the said James Charles Smith, President of the Louisiana State University and Agricultural and Mechanical College by check of Latta, Governor of Louisiana, dated September 23, 1932, in the sum of \$275,000, and received by Smith, who had been the said owner of the Bienville Hotel, the proceeds of the sale of the said Bienville Hotel, together with its equipment, fixtures and other contents, to the Louisiana State University and Agricultural and Mechanical College were in progress as aforesaid.

together with its equipment, fixtures and other contents to the Louisiana State University and Agricultural and Mechanical College were in progress as aforesaid, the defendants, JOHN E. HART, GEORGE WILSON and J. HENRY ALLEN, negotiated with the defendant, JAMES MONROE SMITH, for the payment of the sum of \$75,000 by the Louisiana State University and Agricultural and Mechanical College to the National Equipment Company, Inc., a corporation of which the defendant, JOHN E. HART, was principal shareholder and president, under the rules and regulations provided and representation that the said National Equipment Company, Inc., would sell and deliver to the Louisiana State University and Agricultural and Mechanical College the equipment, fixtures and other contents of the Bienville Hotel; and all of the defendants herein agreed among themselves that they would lend their actual aid and assistance in effecting the said pretended sale and in making a surreptitious distribution of the said sum of \$75,000, proceeds thereof; that the defendant, JOHN E. HART, and the defendant, GEORGE WILSON, prepared and caused to be prepared an invoice on a billhead of the National Equipment Company, Inc., addressed to Louisiana State University and Agricultural and Mechanical College, Baton Rouge, Louisiana, which invoice purported to cover the sale to Louisiana State University and Agricultural and Mechanical College

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by National Equipment Company, Inc., of furnishings and equipment of the said Knoxville Hotel for the sum of \$75,000; that the defendant, JAMES MONROE SMITH approved for payment the said invoice for \$75,000 and caused the check of the Tennessee State University and Agricultural and Mechanical College to the order of the National Equipment Company, Inc., in the sum of \$75,000 to issue; that the defendant, MONTGOMERY E. HART, obtained possession of said check for \$75,000; that the said MONTGOMERY E. HART then procured the endorsement of one

T. A. ADAMS, Vice-President of the National Equipment Company, Inc., in the said check, and caused the said check to be cashed at the City Branch of the Whitney National Bank in the City of Knoxville, Tennessee, with which bank the said MONTGOMERY E. HART carried an account; that on the 27th day of October, 1938, the said check was cashed at the said City Branch of the Whitney National Bank and the sum of \$75,000 in currency was issued by the bank to the defendant, MONTGOMERY E. HART; that the defendant, MONTGOMERY E. HART, thereupon gave the defendant, J. MONROE SMITH the sum of \$25,000 in currency, of which amount the said defendant, J. MONROE SMITH, then gave the defendant, JAMES MONROE SMITH, \$12,000 in

currency, retaining the remainder as his own property for his own use and benefit; that the said defendant, MONTGOMERY E. HART, on the 27th day of October, 1938, deposited the remaining \$50,000 in cash in the account of the National Equipment Company, Inc., at the City Branch of the Whitney National Bank; Now Witness that on the 7th day of November, 1938, the defendant, MONTGOMERY E. HART, drew a check on the said account of the National Equipment Company, Inc., in the City Branch of the Whitney National Bank payable to the order of the defendant, LOUIS C. LEACH, in the sum of \$25,000; that the said LOUIS C. LEACH cashed the said check on the 12th day of November, 1938, at the City Branch of the Whitney National Bank; that the defendant, LOUIS C. LEACH, then paid to the defendant, SUMNER WELLS, the sum of \$15,000 in currency and retained the balance of the said sum of \$25,000 as his own property and for his own use and benefit; that the defendant, MONTGOMERY E. HART, received from the National Equipment Company, Inc., the sum of \$15,000.92 as his own property and for his own use and benefit.

And your Grand Jurors further present and charge: That in pursuance of said scheme and for the purpose of carrying out said scheme, the defendant, MONTGOMERY E. HART, on his own behalf and on behalf of the other defendants herein,

to said University, College and other contents of the Bienville Hotel
pretended to be conveyed to the Louisiana State University and Agricultural
and Mechanical College in consideration of the cash payment of \$75,000 and
that all of said defendants well knew that the said National Equipment
Company, Inc., could convey no title or right to said property.

And the said Grand Jurors say, present and find that each and
every one of the pretenses, representations and claims made and intended
to be made by the said defendants were false and untrue and intended to be
false and untrue and to all of them the said defendants well knew that the said
pretenses, representations and claims were false and untrue and intended to be
false and untrue and to all of them the said defendants well knew that the said
Louisiana State University and Agricultural and Mechanical College and the State
of Louisiana was not to pay the said cash, and converting the same
to the use and benefit of said defendants.

That JOHN A. HARRIS, JOHN HENRY HARRIS, J. HENRY HARRIS, GEORGE
WILLIS and LOUIS J. HARRIS, the defendants herein, on the 25th day of October,
1935, at New Orleans, Louisiana, in the New Orleans Division of the Eastern
District of Louisiana and within the jurisdiction of this Court for the purpose
of executing the scheme and artifice aforesaid, unlawfully, fraudulently and
feloniously did knowingly deposit and cause to be deposited in an authorized
depository for mail matter of the United States at New Orleans, Louisiana,
a certain post letter and check enclosed in a postpaid envelope addressed to
City National Bank, Baton Rouge, Louisiana, to be sent and delivered by the
post office establishment of the United States, the face and reverse of which
said check were and are of the following tenor, to-wit:

Pay to the

Order of

No. 1734

LOUISIANA STATE UNIVERSITY AND A. & M. COLLEGE

Baton Rouge, La., Oct 25 1935 1935

Pay to the
Order of

National Equipment Co., Inc. --- \$75,000.00

SEVEN THOUSAND AND

DOLLARS

Louisiana State University and A. & M. College

CITY NATIONAL BANK
Baton Rouge, La.

(Signed) S. S. JOHNSON

Auditor

This voucher-check, when properly endorsed, becomes
receipt in full for items listed. Alterations and
Erasures render null and void; return if not correct."

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MEMORANDUM
NATIONAL ENDOWMENT BOARD, INC.

(Initials) E. E. Smith
 Vice-President

(Signed) E. E. Smith

Pay to the order of
 NEW ORLEANS BRANCH
 FEDERAL RESERVE BANK OF ATLANTA
 15-16 New Orleans, La. 70112

Pay any Bank, Banker
 or Trust Co., or Order
 Prior Endorsements Guaranteed
 WITHOUT NATIONAL MARK OF
 THE OFFICE 14-17

That all the acts of deposit and clearing to be entered in the said bank letter and
 check in the authorized depositary for said letter of the United States aforesaid,
 the defendants, MORRIS E. SMITH, JAMES MONROE SMITH, E. E. SMITH, SMITH, SMITH, SMITH
 and LOUIS C. SMITH, then and there knew that the said letter and the said check
 were for the purpose of procuring the said money and articles and used for the
 purpose of defrauding Louisiana State University and Agricultural and Mechanical
 College, the State of Louisiana and the University of the State of Louisiana
 contrary to the form of the statute in such case made and provided and against
 the peace and dignity of the United States.

CHARGE TWO.

And the Grand Jurors aforesaid, upon their oaths aforesaid, do
 further present and charge that the defendants, MORRIS E. SMITH, JAMES MONROE
 SMITH, E. E. SMITH, SMITH, SMITH and LOUIS C. SMITH, whose names are
 otherwise unknown to your Grand Jurors, on or about the 25th day of October,
 1934, in said Division and District, and within the Jurisdiction of this Court,
 do having unlawfully, wilfully, knowingly, feloniously and fraudulently devised a
 scheme and artifice to defraud and to obtain money and property by means of false and
 fraudulent pretenses, representations and claims, that is to say, the same scheme and
 artifice that is set forth and described in the said first count of this indictment,
 the allegations concerning which in said first count, are incorporated by
 reference thereto in this count as fully as if they were here repeated,
 and for the purpose of executing said scheme and artifice, unlawfully,
 wilfully and feloniously did knowingly deposit and cause to be delivered

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OF INVESTIGATION
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C.

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FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C.

STATEMENT made in the office of the Intelligence Unit,
Room 343 Post Office Building, New Orleans, Louisiana,
at 9:30 A. M. Monday, July 17, 1933.

Persons representing the Government:

Acting Special Agent in Charge Frank W. Lohr

Special Agent George A. Lambert

Stenographer Marion M. Pitts

Person interviewed: SEYMOUR WEISS

(Unless otherwise indicated the questions herein were propounded by Acting Special Agent in Charge Frank W. Lohr)

Mr. Weiss, we are conducting an investigation of the income tax liability of Dr. James Monroe Smith, the National Equipment Company, Mr. M. E. Hart and Mr. Louis O. LeFage and perhaps others for the year 1933. We have information which indicates you might have some information bearing on those matters and we are asking this morning that you give us such information as you have to get into the record that we are making. You have no objection to furnishing us with such information, have you?

No sir.

We will ask that you be sworn, please. Do you solemnly swear that the answers you will give to the questions about to be asked will be the truth, the whole truth, and nothing but the truth, so help you God?

I do.

Q 1.

Your name is?

A 1.

Mr. Seymour Weiss.

Q 2.

And you are connected with the New Orleans Roosevelt Corporation?

A 2.

Yes sir.

Q 3.

You are president of that corporation?

A 3.

Yes sir.

Q 4.

That corporation owns the Lee Circle Hotel Company?

A 4.

Yes sir.

Q 5.

In 1933 our information is that the Lee Circle Hotel Company sold to the Louisiana State University, an agricultural and mechanical college, the building known as the Bienville Hotel. Did you handle that transaction on behalf of the Lee Circle Hotel Company?

A 5.

I authorized it and assisted in the sale, but actually did not make the sale, but it was handled by the vice-president, Mr. Hart.

Q 6.

Did you negotiate with any person concerning the sale of the Bienville Hotel?

A 6.

Well, I did all I could to sell it. I did not, actually, handle the sale of it. I will be glad to give you what I did in this connection.

Q 7.

Yes, do please.

A 7.

I would like to put in facts leading up to it. The Bienville and Roosevelt were one corporation at one time, and when I took over the two hotels the Bienville was in bad shape and owed a lot of money and later, in 1938 or 1939, I started negotiations with the Federal Government, I believe with the Federal Land Bank, or one of those Federal Divisions for the sale of the Bienville. The agent in the case was Mr. Camarata, who is a local real estate agent. The Government sent down a great number of men to see if it would meet requirements. They made many estimates and examinations. I thought it was a long deal but that it would go through. Sen. Harris and Governor Long had disputes over it, and the deal fell through, after it had just gotten to the point where we thought it was going through. After Huey's death the Charity Hospital project was approved and Mr. Hart came and said to me he had made up an estimate, which he considered thorough, and consisted of some 100 pages, and he found the building would make an excellent temporary home for the nurses while the Charity Hospital was being built; He thought the State should buy this structure; that the contemplated home for the nurses was a wooden structure and was not fireproof, etc. and in due time these negotiations were started.

Q 8.

May I interrupt? Did Mr. Hart have any contact with Dr. Smith in your presence?

A 8.

No sir, does the above answer your question? Furthermore, after the hospital was completed, rather than demolish this \$300,000.00 structure they would still have the structure, which they could move into - that is they could move some departments of the state that were paying rent, and the upper floors could be used as a dormitory for the medical students. So on that basis the negotiations were started; it sounded like a sound, economical proposition.

Q 9.

May I ask now, all of this benefit, or proposed benefits to the state - was that your selling idea to the University, or was that the idea of the University - whose idea was it?

A 9.

Mr. Hart started the whole thing. I think he thought he would build the Charity Hospital. He put in a bid for the building

of that structure. My negotiations with the Federal Government had gone so far I had asked for permission to operate a cafeteria for the employees they might have in the building.

Q 10.

After that Mr. Hart started negotiations for the sale of the hotel through the Louisiana State University?

A 10.

Yes sir.

Q 11.

Do you know whether or not there was any formal written contract of sale of the hotel?

A 11.

Mr. Lahn, I must admit my ignorance. I knew nothing about it if there was. I merely authorized and approved that it be sold, and later did everything I could to sell it.

Q 12.

Can you state now whether you contacted any person other than the Government in connection with the sale of the Bienville Hotel?

A 12.

I had of course previously spoken to Huey Long and Senator Allen. Never anyone but the Governor. Gov.

Q 13.

Do you recall what the sale price of the hotel was to be to Louisiana State University?

A 13.

The price was \$375,000.00, which was probably, I think, \$50,000 less than I had offered it to the Federal Government.

Q 14.

Did that price include also the equipment of the hotel?

A 14.

No sir, I never intended at any time to have it include anything but the building.

Q 15.

Do you know whether or not the act of sale shows that the equipment was sold along with the hotel?

A 15.

No sir, again I must admit my ignorance.

Q 16.

You did not execute it on behalf of the Lee Circle Hotel Company?

A 16.

No sir, not that I recall. As a matter of fact, when these negotiations were started and it looked like they were going to buy, the question arose as to how quickly the equipment could be gotten out of the building and the equipment from the nurses home moved in. The equipment in the hotel was not appropriate for a nurses home, double beds had to be taken out and single beds put in. It was contemplated to move all of the equipment out of the hotel and then move the furniture from the nurses home into the hotel building.

Q 17.

From whom did you get this information?

A 17.

Mr. Hart told me this. All of the equipment from the nurses home was to be moved intact. There was much confusion at that time. For instance, I had a number of guest - permanent guests

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and in order to keep peace and still get them out in a month's time, I had to let some of them stay in the hotel a month free. The hotel had to be empty by the time the nurses home was to be torn down.

Q 18.

Did Mr. Hart know that it was ^{not} your intention that the sale of the equipment was to go along with that of the building? He should have known it.

A 18.

Q 19.

You discussed it with him?

A 19.

Yes, I never intended it should be so, at that price to the University.

Q 20.

Can you state what Mr. Hart did in connection with the sale of the hotel.

A 20.

As I said, he spent a great deal of his time with Dr. Smith and the hospital authorities. He handled the entire negotiation. I was busy getting people satisfied, moving them to the Roosevelt and Pontchartrain Apartments.

Q 21.

Do you know what commissions were paid in connection with the sale?

A 21.

I learned later.

Q 22.

Did you know at that time?

A 22.

No sir.

Q 23.

You knew that no commissions were paid?

A 23.

I knew that I had gotten a commission for the sale of the hotel.

Q 24.

Was that commission \$27,500.00?

A 24.

No sir, it was \$27,500.00, about 8%.

Q 25.

And was that the only commission that you knew about at that time?

A 25.

I will say this, Mr. Lohn, whether you call it a commission or whatever name you want to call it; after the sale was completed, and during its negotiations - you see the nurses actually occupied the hotel 30 days before we were paid, Mr. Hart was working on it. I was interested in a given amount of money. My reason was because of obligations which I had. I owed so much money on first and second mortgages on the Bienville and Roosevelt - one to the other. I was interested in getting enough money to wipe out the obligation. Hart was helping to get the deal through, and he said that he would for me to turn over to him the furniture and fixtures, linen, silverware, china, etc., which I readily agreed to do.

- Q 26. Was this turning over the fixtures and furnishings, etc. to Mr. Hart in the nature of a gift?
- A 26. It was for his services, for his assistance.
- Q 27. Was it given to him personally as a compensation?
- A 27. For services rendered, yes sir.
- Q 28. Are you in any way connected with the National Equipment Company?
- A 28. No sir. As a matter of fact I had never heard of it.
- Q 29. Then you would not know how the National Equipment Company came into possession of the fixtures and furnishings of the Bienville Hotel?
- A 29. No sir. I do know, however, that Mr. Hart and others whom I cannot name, because I do not know their names, spent several days making a complete inventory of all of the furniture, china, silverware, draperies, linens, etc. that were in the hotel.
- Q 30. Did you obtain that information from Mr. Hart?
- A 30. I did not see them make it, but he told me they were making it. Some of the hospital officials were with them.
- Q 31. You used the word "they." Who else do you have reference to?
- A 31. He is the only one.
- Q 32. The act of sale for the Bienville Hotel indicates that the 1934 taxes were to be prorated between the Louisiana State University and the Lee Circle Hotel Company. Do you know whether the taxes were prorated or that Louisiana State University paid all the taxes or if the Lee Circle Hotel Company paid all the taxes?
- A 32. I do not know. I have to admit my ignorance. I do not know sir.
- Q 33. Do you recall ever having made contact with or had conversation with Mr. Hart concerning that matter?
- A 33. I do not recall such a conversation.
- Q 34. If the act of sale provides that the furniture and equipment of the hotel is included in the purchase price of \$575,000.00, can you account for its having been sold by Mr. Hart and/or the National Equipment Company to Louisiana State University?
- A 34. If the act of sale calls for the hotel, furniture and equipment I do not see how it could be sold twice. If the act of sale had included the fixtures and furnishings I certainly would not have accepted the money and then turn around and given them something which I had already sold. I say again, I did not see

the act of sale.

Q 35. Can you give any explanation of why the equipment and furniture and fixtures of the hotel should have been included in the act of sale if it had not been the intention of the Lee Circle Hotel Company to sell this equipment along with the hotel?

A 35. I can give you no reason why it should have been done. It was never my intention to sell the hotel on that basis - it never was. The furniture and equipment were never included. At no time did I contemplate such a thing.

Q 36. When you speak of equipment?

A 36. I speak of its physical fixtures, linens, draperies, silverware, china, spoons and all of that. We refer to that as fixtures and furniture and equipment.

Q 37. Concerning the tax liability of Mr. Louis G. LeSage, you are of course, acquainted with him.

A 37. He lived at the hotel with me for many years, that is, he would come to town for three or four days, and would always be my guest.

Q 38. Please state whether or not you had any financial transactions with Mr. LeSage in the year 1936.

A 38. Mr. Lohn, I will have to explain to you, sir, that Mr. LeSage is one of my most intimate friends. As far back as '29, LeSage, who in my opinion is a fairly well-to-do fellow, has spent a great deal of time with me. I have loaned him money innumerable times - way back we started our friendship. You ask me if I had any financial transactions with him. So frequently, he may have said, give me \$250.00, or I may have said, let me have \$500.00 and if either of us had it it was given to the other. You are going to ask me about this other thing - I know.

Q 39. Please state whether or not there was a transaction between you and Mr. LeSage in the amount of \$14,000.00 and dollars?

A 39. Yes sir.

Q 40. Do you recall just exactly the date of that transaction?

A 40. No, but it was late in 1937 as I recall it.

Q 41. Would you have any way to establish the date of that transaction?

A 41. No sir, I would not.

Q 42. Please state just exactly what the transaction was, how it arose, etc.

A 42. Mr. LeSage, as I said, was a frequent visitor of mine, and has for many years come up to my office at midnight and sat with me

while I would dictate mail by dictaphone, sign checks, and attend to business generally. He would talk to me, and on this one time, I was lamenting the fact that I was broke and needed some money. He said he would lend me some. I told him I needed real money - that I needed \$15,000.00 or \$17,000.00. He said he would be glad to let me have it, which he did.

Q 43.

Do you recall in what form he gave you the \$15,000.00?

A 43.

It was in cash. In large denominations, I think it was in cash.

Q 44.

Do you have any knowledge as to how Mr. LaSage might have acquired this money?

A 44.

He had told me previously about having this money, and when I said I needed some, he offered it to me, which is not unusual. I would have done the same for him. We have done this for many years.

Q 45.

Did you execute a note as evidence of the loan?

A 45.

Mr. Lohm, I did not actually execute a note, what it was actually was an acknowledgment of an individual loan. In case I should die he would have some security for what I had borrowed from him. It was not a maturity note, not to be paid in 30 or 60 or 90 days. Louis knew and I feel sure that I will ultimately be a man of much money; I have a lot of leases and other investments, and I am bound to get some of it back sooner or later. He knew I would not borrow from him unless I could pay it back. As a matter of fact he insisted that I give him no note, but I insisted that I should. It wasn't a question of indebtedness, just that he should have some security of the fact that I had borrowed the money from him.

Q 46.

Did it provide for the payment of any interest?

A 46.

I do not think so, sir. I know I had never charged him any interest and I don't think that he would have collected any from me.

Q 47.

Have you seen the note recently?

A 47.

No, I was in New York City, and LaSage called me, asking me where it was. I recalled giving it to him. I remember at the time he did not want me to, but I gave it to him.

Q 48.

(Lambert, until otherwise indicated) Mr. Weisberg can you relate to us how the Lee Circle Hotel Company was formed, that is from a financial standpoint?

A 48.

Yes, I think so. I think it was in 1931 that I went to the Metropolitan Life Insurance Company and they asked if I as an individual wanted to assume the mortgage which they presently held on the Roosevelt and on the Bienville. I asked them to permit me to do so. Both of these mortgages were at that time signed by the

Vacaro Bros., who were very anxious to get out of the hotel business. The mortgage was signed by them. I asked them to let me assume the mortgage. Then I got up the two institutions as separate - separate sets of books - one the Roosevelt and the other the Lee Circle Hotel Company, because of the indebtedness of each one. One of the reasons for the separation of the two companies, on the Newville I owed Dr. Paul Sanders and Mr. Samuel Lammurray a mortgage of \$250,000.00 and then there was an obligation to the Metropolitan for, I think \$180,000.00 plus a great number of years of interest which had accrued. Does that answer your question?

Q 49.

In forming the Lee Circle Hotel Company all that was done was to transfer the assets and liabilities from the new to the old corporation?

A 49.

Yes, I think so - I am not a bookkeeper, I think that is correct.

Q 50.

In connection with the furniture and fixtures and equipment - they were given to Mr. Hart for services rendered. Were they given to Mr. Hart personally, or to the National Equipment Company?

A 50.

To Mr. Hart, I did not know about the National Equipment Company.

Q 51.

Was this given to him after the sale was made to Louisiana State University?

A 51.

No, this was all part of the negotiations. He said, if the hotel is sold, I want the equipment.

Q 52.

Did Mr. Hart say to you why he wanted the equipment?

A 52.

No, except that I had already told him that I needed so much money and that I could not pay any other commissions on the sale, and I assumed that he was to go out and sell it, by auction or otherwise.

Q 53.

About the commission of \$27,500.00 that was paid to you. Was that all you got? You kept it all?

A 53.

I got it all, reported it and invested it almost immediately.

Q 54.

You mentioned previously that you had no intention of selling the furniture, fixtures and equipment. What use would you put this equipment to in the event you sold the hotel without the equipment?

A 54.

I could have used it. I knew it had value, and naturally, I was interested in having it completely furnished as a hotel.

Q 54.

Did you have in mind what would eventually be done with this equipment had it not been given to Mr. Hart?

A 54.

I would have used some of it. Some hotel might have wanted to buy it. Silverware and chinaware are valuable. All of the things could have been used by me, or a hotel in Ville Platte, as far as that is concerned. They are the sort of things that can be used. They do not necessarily have to be put to immediate use, as they are valuable and their value does not decrease.

Q 55.

What was the approximate value of this equipment that was given to Mr. Hart?

A 55.

It would be very difficult to tell you that, or what the value would be. About all I can say is that it would be worth what you could get for it. To figure to furnish a room in a hotel costs \$1,000.00 a room. The rugs, draperies, fans, furniture, pictures, etc are all included - \$1,000.00 furnished. Some hotels furnish a room for less, but they use cheaper things. As a matter of fact, I wish I were in New York City, because I have a big deal on now and I estimate that it would cost more than a \$1,000.00 or more, and that would show the value of the furniture and fixtures. In estimating the cost of a room in a hotel we include chairs, silverware and all of that. We figure things of that nature on a room basis.

Q 56.

The equipment which you had in use at the Bienville Hotel was naturally in use. Could you give us an estimate on an open used market?

A 56.

That is one of those intangible things. It depends on who would want it - if sold piece-meal, not so much - if sold at auction, not so much, but if someone really wants it, a good price could be got for it. It depends on who the purchaser would be. It might be kept for months. Right now I am trying to get another hotel in New Orleans. Had I had available that furniture and fixtures, it would save me almost \$1,000.00 a room. But I have not that furniture and fixtures now. It is impossible to establish the value that way.

Q 57.

In connection with the note that you gave Mr. LeSage, is it more or less in the form of an I.C.U. rather than in the form of a note?

A 57.

I call it an acknowledgment for want of a better word. It showed I borrowed and owed the money. I would have been up against it had he asked me for the money within a certain date. He asked for no date or maturity note.

Q 59.

A 59. S

Was the note dictated or typed out?

I will have to guess. I have not forms in my desk. I may have loaned over and gotten one of these forms. Sam came and said I was going to give him a note, and whether or not I wrote it in longhand, I cannot remember. I tried to discuss the matter and remember it with Louis since I am home. It was never my intention to give a maturity note on it - I just want him the money. If anything happened, he had my acknowledgment of the money having been borrowed, and if he could not take care of it, my brother could. I want to say, however, at the time he insisted strenuously I not give him the note. He said I have never taken one from you and I don't want one from you. He said no, this is a loan of money, but I insisted that he at least take an acknowledgment of the loan. Actually, it was an acknowledgment. LeSage is completely familiar with everything I have. He knows my potentialities, and he knows all about them. I have a number of things that could make me a very rich man. He told me yesterday I could get \$300,000.00 for a lease. It may be a big factor. LeSage knows that. He knows that I would not borrow unless I could or would pay.

Q 60.

A 60.

He does not own any equitable interest in your holdings?

No sir. Not at all. I don't know, Mr. Lohn, that you have ever had a friend like this. I doubt that you have. To begin with he came from within 30 miles of my home. We were children together. He has gone through desperate times together, by his side. A person just could not have a more intimate friend. He is my closest friend.

Q 61.

A 61.

Have you made any payment on this obligation to Mr. LeSage?

No sir.

Q 62.

You mentioned previously that you were in desperate need of funds when you borrowed this money. Could you tell us at this time what use you put this money to?

A 62.

I don't recall at this time. It may have been to meet a note, to pay up some bills. In all probability to take care of some obligation.

Q 63.

We talked to Mr. LeSage about the \$1,000.00 note as we thought it was unusual to give a man that size note or money, rather, and not take a note.

A 63.

Mr. Lohn, I have three brothers, and LeSage is like my fourth brother. I love them all, and would do anything within my power for any of them. There is nothing I would not do for Louis, and there is nothing he would not do for me. He could not ask me

for anything that I would not give him. It is a friendship of a lifetime. I have gone through many hardships with him, and have been able to give him my heart and confidence.

Q 64.

You can appreciate why the Bureau of Internal Revenue might question such transactions?

A 64.

I can understand it, certainly sir. If your lifetime is as good as your forefate - if I had known Lodge would have to worried with this questioning, I would have insisted on a note. He has been worrying since 1932. He has always been very kind, and kind at the time when I had my back up against the wall - during Huey P. Long's lifetime and things were so stormy.

Q 65.

(John) In connection with the sale of the Bienville Hotel - for the sum of \$575,000.00, were any commissions paid to any one else?

A 65.

No sir. When we had gotten all our money - it was received in three payments - I had looked over the whole picture. There was less than \$9,000.00 to \$10,000.00 we could carry as a profit on the transaction.

Q 66.

That was after your commission had been paid?

A 66.

That was after my commission had been paid. There was one commission other than mine of 5% - it is what I would have paid to Mr. Hart or any other real estate man.

Q 67.

(Lambert) Why was it necessary to pay a commission of 5% when the furniture and fixtures were given to Mr. Hart in selling the hotel.

A 67.

I felt I had done my share. Certainly the University without the Governor's approval could have done it - without the Governor going to Washington to get the approval of friends for the hospital. I was entitled to something. For your information, I draw a very small salary. I do that deliberately, because I am interested in increasing my equity with Metropolitan. Seymour Weiss does not own anything. When I don't pay the Metropolitan, I don't run any hotel. However, they have been very nice. They have said that if they make foreclosure, they want me to operate the hotel for them. The hotel had paid no interest or taxes in four or five years when I got there. I am now current with the Metropolitan. I have put any excess right back into the building. If I have had \$5000,000.00 I have put it into amortization purchases. I have worked with the hotel on the theory that it was an old hotel, and had to be made more popular. Instead of increasing my equity I have built new fountain rooms. Now I am in a position, if the whole world doesn't go to pot to increase my equity. For that reason I have drawn a small salary. So this commission logical commission to which I thought I was entitled to. As a

Matter of fact, if the sale had not been made the hotel would still be closed. It was one of those unfortunate hotels, could not be run as a commercial hotel, because it was too far out, and not having kitchens, could not be used as an apartment hotel. It was just one of those in-between hotels, which made it impossible. Mr. Stetler could not have made a go of it. When I would have an overflow at the Roosevelt and would send them to the Bienville they would stay there just long enough to get located back downtown. People who wanted an apartment did not want to stay there because there were no kitchens.

Q 68.

Were all of your contacts with the Governor concerning the sale of the Bienville Hotel personal?

A 68.

Q 69.

A 69.

As you recall, Dr. Smith was never present? I never discussed it with Dr. Smith, in my life. But we had a solid, sane proposition. The hospital had a house of wood, fire-hazard, that would not remain over two years, and which would shortly be demolished and they would be out \$300,000.00. They would have had to put in other facilities. Instead of having a loss of \$300,000.00 they would have a solid brick structure, fireproof, at the end of which time they still have a good building that can be used as a dormitory, and the downstairs rooms could be used as rental offices to offices of the various State Departments now paying rent today in the city. From that angle I sold the Governor on the idea that it was a good thing to do. Mr. Gruenwald built it at a cost much in excess of \$300,000.00. They actually got a cheap buy. I only got this from rumor - there are people today trying to buy it, for more than the University paid for it. The man who knows what I know about it would not buy it - always fighting to break even.

Q 70.

(Lohn) So far as you know, there were no commissions of any kind paid to either Dr. Smith or former Governor Locke in connection with this Bienville Hotel deal?

A 70.

No sir. As a matter of fact, Mr. Lohn, the \$27,500.00 commission which I got, as I told you, I made an immediate investment in the Jacobs Candy Company - \$10,000.00 and the rest later. But actually I only drew the money to put into a new enterprise. The money was merely transferred from one account to another - put into another enterprise which I wish I had never gotten into.

Q 71.

Can you think of anything else in connection with this matter

that you would like to include in the record? Is there any other fact or circumstance that you would like to disclose to us at this time?

A 72.

I don't know. I think I could justify the sale of the Bienville Hotel to anyone in the world at this time. There was not a single word of criticism at the time the sale was held. The surplus could not be thrown out into the street. The Bienville Hotel today is a good piece of property. I would like to own it myself for re-sale. There are no excuses to make and I don't see how anyone could criticize the buying of that hotel. The University could not build a dormitory for medical students, for near the purchase price of the Bienville Hotel. And another thing, originally, this sale was to be in bonds. When Mr. Hart came to me and said he was going to take bonds, I asked him what kind of bonds. When I found out that the University would settle at \$80,000.00 a year and the balance would come out of earnings of the hotel. I told him that that was not satisfactory because I would not take that kind of bond and then Hart got cash - another reason why he was entitled to something for his efforts - that something being the furnishings and equipment.

Q 73.

(Lambert) You said previously you had gotten Gov. Long and Allen interested in the buying of the building.

A 73.

I tried to sell them on the idea of buying the hotel, taking out some of the partitions and establishing in it the license Bureau, and other departments of the state which are now paying rent. The Supervisor of Public Accounts could also have had his office there. I believe that if Gov. Long had lived I would possibly have sold it on that basis. I don't think we would ever have had a Charity Hospital had Long lived.

Q 74.

(Lohn) But you discussed the sale of the hotel with Governor Leche?

A 74.

Yes sir, only one I ever spoke to about it in my life.

Q 75.

(Lohn) If, during the course of our income tax investigation we desire additional information may we call on that from you, Mr. Weiss?

A 75.

I would ask you one question - I have a very important engagement, I have friends and others waiting on me in New York. I can come home in eight hours. I would like to go. I was intending to stay until the 26th. If it is possible and if I can - I don't want to do without your permission. That is what I was doing when the gentlemen in New York asked about me. If

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they want me, I said, I am going home. I had read the Louisiana papers daily. When Mr. Bensen called me in New York - I decided I had better come home. I didn't want the papers headlining that Seymour Weiss was subpoenaed in New York. So I came home, but I do have business that should be completed in New York - there are representatives from Oklahoma and other states waiting to see me.

(Lohn) As far as this office is concerned you are at liberty to go anywhere in the world you want. I only mean that if additional information would come to hand, at your convenience, we would possibly like to question you again.

I have carefully read the foregoing statement consisting of 14 pages and have noted some minor corrections and state that the answers made to the questions propounded to me are true and correct to the best of my knowledge and belief, so help me God.

SEYMOUR WEISS

SWORN to and subscribed before me
this _____ day of July, 1939.

ACTING SPECIAL AGENT IN CHARGE

STATEMENT made in the office of the Intelligence Unit,
Room 323 Post Office Building, New Orleans, Louisiana,
on Wednesday, July 12, 1939.

Q 1. For the record, please state your full name, your occupation, and your business and residence address.

A 1. My name is Louis C. LeSage. I work for the Standard Oil Company of Louisiana as special assistant to the president. I live at the Roosevelt Hotel in New Orleans.

Q 2. How long have you been employed by the Standard Oil Company of Louisiana? Since 1910.

Q 3. How long have you been residing at the Roosevelt? Permanently. I would say about seven or eight years.

Q 4. How long have you held the position of Special Assistant to the President? I think since last year.

Q 5. Prior to that time, what was your capacity?

A 5. When I came to New Orleans - transferred down here - I was connected with

Mr. Lodge: Yes, sir.

Mr. Lodge, we are making an examination of the records of the National Equipment Company for the years 1936, 1937 and 1938 in connection with its income tax liability. In this connection, we find records indicating that you and persons known with that corporation. We would like to get information from you in this connection. At this time it is my duty to remind you of your constitutional rights; that is, that you do not have to answer my questions the answers to which you feel would incriminate you. Do you understand that?

(Chinese characters as indicated, questions were prepared by Special Agent Lumsley)

PERSON INFORMATION: JAMES O. LEECH

SECRET

SECRET

...and the other side of the street...

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the Foreign Department - the Marine Department of my company - and when I came here I was more or less connected with the Sales Department, and since my resignation I have been more or less connected with the Standard Oil Company with the State Administration.

Q 6. The records of the National Equipment Company show that it issued its check, No. 8, dated November 7, 1935, payable to your order, in the amount of \$25,000.00. The original check is in my possession, which I now show you and ask that you identify it and your endorsement thereon.

A 6. Yes, sir, that's my signature.

Q 7. Will you please relate for the record the circumstances under which you received this \$25,000.00?

A 7. Well, Mr. Hart came to me and - that's all part of my testimony before the Grand Jury - Mr. Hart came to me and asked me to help him out with the sale of the equipment of the Bienville Hotel to the State University and, he says, "When it is sold, I will cut you in on the profits". And I said, "What could I do?", and he said, "That's alright, just use your influence" and I said that I didn't see what I could do but he insisted and then I never had any further contacts with Mr. Hart until he came and gave me this check and at the time he gave it to me, I was more or less flabbergasted and he said I had earned it and I took the check and cashed it and made my returns that year to the Government. That is practically the sum and substance of my dealings with Mr. Hart.

Q 8. Did you contact anyone in connection with the sale of the equipment?

A 8. Not a soul. No one.

Q 9. Did you perform any services whatsoever in connection with the sale of the equipment to the Louisiana State University?

A 9. None that I can think of.

Q 10. Do you recall where this check of \$25,000.00 was delivered to you and by whom?

A 10. It was delivered to me by Mr. Hart, I believe, in the lobby of the Roosevelt Hotel. I am not positive about that but that is my recollection.

Q 11. Did I understand you to say that you cashed the check?

A 11. That's right. I went to the Whitney Bank - I think the check was drawn on the Whitney Bank. The only man I knew at the Whitney was Neil Whitney. He told me to go over to a branch of the bank and he went over with me and I cashed it; a bank over on Carondelet Street, I believe - I am not positive but I think that's where it was.

Q 12. What denominations did you get?

A 12. \$100 bills.

Q 13. What disposition did you make of the money?

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A 13. I took it to the hotel and put it in my box. It remained in the box for nearly a year. That is, not all of it. I took certain sums out of it to pay my income tax when it became due and I may have taken some out for other purposes - I am sure I did. About a year later, I loaned out about \$16,500.00 of that money.

Q 14. To whom did you make the loan of \$16,500.00?

A 14. Seymour Weiss.

Q 15. Under what circumstances?

A 15. Well, Mr. Weiss and I are very close personal friends and he needed some money at that time and I volunteered to let him have what I could.

Q 16. Do you know for what purpose he needed the money?

A 16. No, sir. I know he has needed some since that time.

Q 17. Did he give you collateral?

A 17. He signed a note which I thought I had, but I searched everywhere and can't find it and I thought he had it but he said no, he thought that he gave me the note.

Q 18. Did you receive any payments on that note since that time?

A 18. No, sir.

Q 19. Did you receive any interest on the note?

A 19. No, sir. Mr. Weiss and I have had different transactions and he never charges me any interest and I never charge him. He is the closest personal friend I have in the world. He's been like a brother to me.

Q 20. Did you lend Mr. Weiss this money in currency?

A 20. Yes, sir.

Q 21. And you do not know what disposition was made of it?

A 21. No, sir.

Q 22. Was there any agreement between you and Mr. Weiss - or understanding - that you would receive this money to pass on to someone else?

A 22. O, no sir, positively.

Q 23. The money was yours to do with as you saw fit?

A 23. Yes, sir.

Q 24. Did you say you performed no services for this \$25,000.00?

A 24. None that I can realize.

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Q 25. Do you have any part of this money left at this time, Mr. LaSage?

A 25. I don't think so.

Q 26. What disposition was made of the money besides the loan to Mr. Weiss and the payment of your income tax?

A 26. Well, I think it may have gone partly into some stock transactions which I made - which didn't turn out so good. I can't say exactly where the rest - for instance, I have spent this month, I would say, close to one thousand dollars and if you would ask me six months from now what I did with it, I couldn't say. I have made a trip to Chicago and a few little trips across the street to a gambling place and I do that quite frequently and very seldom walk out with any of their money. I have done that ever since I have been in New Orleans.

Q 27. What is the nature of the stock transactions you referred to in your previous answer?

A 27. With E. A. Pierce - I have an account there with them and I bought some stock and had to put up additional margin. I don't think the additional margin was required until within the last year. I have been buying stock from them since - well, a friend of mine and I started buying two hundred shares of Paramount Picture stock and he came to me and told me that half of it was mine and the stock went up to around eighteen hundred a share - or maybe it was twenty - and then it started going down and it's gone down since that time as low as four dollars a share. And I have bought - no that was not Paramount, that was Warner Brothers. Since that time, the young man in a stock brokerage office there advised me to even up with Paramount, so I bought some Paramount. I bought four hundred shares of General Box at \$2.00 and something a share and on this transaction I used up quite a bit of the money and I even borrowed an additional \$1,000.00 at the Canal Bank.

Q 28. Are you certain that the margin money or purchase money paid to E.

A. Pierce came from the balance of the \$25,000.00?

A 28. No, not all of it but I am sure that some of it did.

Q 29. Have you made any attempt to collect the note of \$16,500.00 which you say you received from Mr. Weiss?

A 29. None whatever.

Q 30. At the time that it was made, did you ever have any intention of collecting the debt?

A 30. Why certainly. But I didn't bother about it any; he's needed money since but the amount I had was insufficient to help him then. I'd

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So that now - every cent that I have he could have. It would not make any difference to me whether he paid me back or not. In other words, when I was down and out here in New Orleans, he is the only man who befriended me. I don't know if it is necessary for me to divulge all of these private matters. I think that the Grand Jury has gone into all those phases and I thought that the only thing you were interested in was whether I got the cash and paid income tax on it. I was just wondering if my telling all my private affairs or side issues of it was of interest in this case.

Q 31. Do you recall at this time when Mr. Hart first approached you in connection with the sale of the equipment to L. S. U.

A 31. It was not a great while before he gave me this check. I couldn't say now just when it was but it appears to me now that there was a very short time between the time he first approached me and the time he gave me the check. It was only a very few months.

Q 32. Did he call on you at any time in between?

A 32. No, sir; nor since.

Q 33. Was the payment made to you as commissions on the sale of the equipment or the sale of the hotel?

A 33. The equipment, as I understand it.

Q 34. Did you understand it at that time or has that recently come up?

A 34. No, sir, at that time. The time he talked to me - the only time he talked to me.

Q 35. How long have you maintained a safety deposit box at the Roosevelt Hotel?

A 35. This present one that I have has not been so long. I broke the key or the boy broke the key of the first one I had - but, practically since I have been there, I guess. The exact date - to answer that, I wouldn't know.

Q 36. Do you have any bank boxes?

A 36. I had a box at the Bank of Baton Rouge before I came down here. I never did have one at any of the local banks. I had some money when the bank crash came and then after that a friend of mine, Mr. A. K. Gordon, in discussing the money situation with me, said, "LeSage, I think it would be a good idea for you to get as many silver certificates as you can. If I were you I would get as many silver certificates as possible"; so that was his advice to me a good many years ago and since that time I keep a lot of cash. I think I have a pretty good sum of money in my box now and I keep that cash money in the box all the time.

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Q 37. Did you have any cash in your box at the time you put the proceeds of the \$25,000.00 check there - a substantial sum?

A 37. O, no sir. That is by far the largest item I have ever had in my box. I am not a wealthy man - I do not make a great deal of money, in the way of salary.

Q 38. There was no agreement between you and Mr. Weiss with regards to passing this money on to another party?

A 38. No, sir.

Q 39. Have you had any financial dealings with Dr. James Monroe Smith?

A 39. Never have said five words to the man in my life. I was introduced to him when he first went to L. S. U. - introduced to him going out the gate after a football game. Mr. Louis Gottlieb was the man who introduced me to Dr. and Mrs. Smith just a few months after they arrived at L. S. U.

Q 40. Have you had any financial dealings with any other prominent state official in the last several years?

A 40. No, sir. None.

Q 41. And you filed a personal income tax return for the year 1936 and reported this sum - this \$25,000.00 commission?

A 41. Yes, sir.

Q 42. You made payments on the installment basis?

A 42. Yes, sir.

Q 43. Where did the money for the installments come from?

A 43. It came out of my box. I am pretty sure that is where it came from because I don't think that my bank balance during that year - it may have been - no, I don't think so; I didn't have any such amount. In the year 1937 I had - no, 38 probably, I had a good size bank balance. I took the money out of this box, deposited it, and wrote a check, as I remember it.

Q 45. You didn't get it from Mr. Weiss?

A 45. O, no sir.

Q 46. Or anybody else?

A 46. No, sir.

Q 47. (Mr. Lohn) As I understand it, Mr. LeSage is working for the Standard Oil Company?

A 47. All my life - ever since I got out of college.

Q 48. And you live at the Roosevelt Hotel?

A 48. Ever since I have been here, except for a short period when I went down

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in the French Quarter. My expenses were rather high and I left the hotel because of my expenses running too high. I am not a very high salaried man - and Mr. Weiss was not at the hotel when I left. I waited purposely until he left, because I didn't want to hurt his feelings and while he was away, I just packed my things and moved down there. And then, Senator Huey Long came to town - he and I were not very intimate, but I knew him, of course - and he asked around where I was and he sent out his men and found me. I was then a salesman. These men said the Senator wanted to see me and I went up to his home there to see him - he had Senator Bennett Clark of Missouri was there in his bedroom with him. So he told me, "Louis, Seymour is going to be mad and I told him that I would straighten that out with Seymour when he came back to town; so, he wouldn't hear to it and we argued around for a time and then I left. When Mr. Weiss came back to town he came down to see me and took a long ride with me and saw this musty place I was living in and he said whatever this place is costing you, I will make a rate at the hotel. And then I moved back to the Roosevelt. It was not long that I was away - I don't think I was down there hardly a month. Since that time I have lived at the Roosevelt Hotel. Prior to that, I was stopping at the Roosevelt on an average of two or three times a week for eight or ten years - before Mr. Weiss was connected with the hotel at all.

Q 49. When you came back to the hotel the last time to remain there permanently, what was the rate that they made you?

A 49. \$50.00 a month.

Q 50. And you paid that out of your personal funds?

A 50. Yes, sir.

Q 51. The Standard Oil Company has never paid your hotel bills?

A 51. They did before that time, but when they transferred me down here and I lived at the hotel, I paid the bill.

Q 52. Since you are permanently located here, you pay your hotel bills yourself?

A 52. Up until last year. Last year, the new president came in, Mr. Rathbone, and he asked me that when he came to town to use his quarters. And he asked me to get more commodious rooms. I moved out of the rooms I had - No. 1157 - and I moved then to suite 960 and I have lived there since.

Q 53. Since you have been in suite 960, the company has paid your hotel bill?

A 53. Yes.

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Q 54. They also pay for your meals?

A 54. No. The way they do it, the hotel makes out an invoice for my room rent and on the first of the month they give me this invoice, which I approve and send to the president of the Standard Oil Company at Baton Rouge and the company remits direct to the hotel.

Q 55. Just exactly what services did you render in connection with this \$25,000.00 commission? As I understand the situation, you actually rendered no services.

A 55. That is the way I view it.

Q 56. You did not talk to the Governor?

A 56. No, sir.

Q 57. You did not talk to Dr. Smith?

A 57. No, sir.

Q 58. Do you know what the equipment sold for?

A 58. No, sir.

Q 59. You were not told by anyone?

A 59. No, sir.

Q 60. What did Mr. Hart say the commission was for?

A 60. He told me for my influence. I asked him and he said, "That's alright, you performed the services and you are entitled to the money."

Q 61. What services did he say you had rendered?

A 61. He didn't say.

Q 62. And you don't know of any services?

A 62. No, sir, I do not.

Q 63. Did you accept this check without protest?

A 63. Well, I did - I told him I didn't think I had earned it and he said, "It's yours; I promised to put you in on it and it's your check".

Q 64. Did he say who he had promised?

A 64. No. He promised me.

Q 65. (Mr. Lohn) As I understand the situation, Mr. LeSage, when Mr. Hart came to you about the sale of the hotel equipment, it is your understanding that the hotel had then been sold?

A 65. That is what I gathered from him, yes, sir. At the time he and I talked. He wanted to sell all the fixtures and everything that was in there. I

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never went there to see it.

Q 66. (Mr. Lohn) Do I understand from your statement to Mr. Lambert here this morning that you loaned a part of this to Mr. Weiss?

A 66. \$18,500.00.

Q 67. (Mr. Lohn) And that you accepted his note for that?

A 67. That's right.

Q 68. Was that a demand note?

A 68. I can't say; I would not know what was in the note.

Q 69. (Mr. Lohn) Have you disclosed to Mr. Lambert where the note is at this time?

A 69. It was my impression that I had it in my box at the hotel and the first day I testified here, these gentlemen asked me to see if I could locate it but I could not so then I phoned Mr. Weiss in New York - I thought that either he had it or I had it. I thought I had left it with him.

Q 70. In his possession?

A 70. Fact of the business is I never asked for or wanted anything like that, in all my transactions with Mr. Weiss. I did not want him to do it - it was his idea and he insisted on making it out. He says positively that he gave me the note.

Q 71. Did Mr. Weiss give you any reasons why, since you were so very close?

A 71. He said on account of this large sum of money, in case something would happen to me, he would want evidence of his indebtedness to me. I haven't anybody except a married daughter. I have no family except two little orphans I am raising - taking care of them as best I can.

Q 72. Did the question of income tax ever come up between you and Mr. Weiss and Mr. Hart or all three of you?

A 72. No, sir.

Q 73. At the time of the loan and the signing of the note which you say was signed and delivered to you, did the question of income tax come up at that time?

A 73. No, sir. The income had already been made out at that time - the returns on it.

Q 74.

Q 74. You are certain that the loan was made a year after this transaction?

A 74. About that. Somewhere in the neighborhood of a year.

Q 75. Did you see the income tax returns filed by the National Equipment Company for the year 1936?

A 75. No, sir.

Q 76. Were you advised as to what the deductions claimed on that return were?

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Louis C. LeSgao
7-12-59

Did anyone tell you or discuss with you what deductions were claimed on that return?

A 76. No, sir. Not to this day.

Q 77. [Mr. Lohr] I understand from what you said a while ago to Mr. Lambert that when you filed your 1936 return, you made only the first payment.

A 77. That's right; yes, sir.

Q 78. You did not pay it all at once?

A 78. No, sir.

Q 79. Was there any reason for paying it quarterly?

A 79. No, sir. I do the same thing now. I do not think I ever paid all of my income tax all at once in my life. I had to pay a dollar or so for running over a few days. No special reason for it. I am doing the same thing today.

Q 80. In 1936 you had the money right there in a box?

A 80. Yes. I have got relatively the same amount of money - as far as the amount of money is involved, I could pay it right now.

Q 81. Did you maintain banking connections during the years 1936, 1937, and 1938?

A 81. Yes, at the National Bank of Commerce.

Q 82. Did you have a safety deposit box?

A 82. No, sir.

Q 83. Did you have brokerage accounts other than at E. A. Pierce?

A 83. In the last several years, yes, sir. Before that I dealt with Fenner and Beane. The reason I dealt with E. A. Pierce was this friend of mine took me there - he had no market connections at all and then he got me into this Warner Bros. stock. He had a tip on the market and let me in on it. He had that account with a firm here called Lasker or something like that - it has since liquidated. It was a brokerage house with which Jules Lazard was connected. He was the one that this boy bought the stock through because they were very close friends. And then when we got to fooling around, I got a tip on General Box stock, so I got him in on it. And then when they liquidated, this boy asked me to let him bring the account over with him and he transferred to E. A. Pierce and since then my account has been with them.

Q 84. This friend you speak of, you have never identified him. Would you mind naming him?

A 84. His name is Johnny Weiss, brother of Seymour Weiss. He is employed at

Louis C. LeSage
7-12-39

Godeaux's, Manager of the clothing department.

Q 83. (Mr. Lambert, Mr. LeSage, is there anything else that you think the Bureau of Internal Revenue should have some knowledge about that you wish to disclose at this time?

A 83. No a thing, sir. Not a thing on earth.

Q 84. If it develops that we need some more information, may we call on you again.

A 84. Yes, sir, at any time, day or night. I would be glad to answer anything at any time that you wish. You have been very kind to me. In fact, I never was treated so nicely. This first little gentleman got under my skin; I couldn't stand it.

I have read my answers to the above eighty-six questions and certify that my answers thereto are true and correct to the best of my knowledge and belief.

Louis C. LeSage

Sworn to and subscribed before me
this ____ day of July, 1939.

Special Agent.

Special Agent.

STATEMENT made in the office of the Intelligence Unit,
Room 323 Post Office Building, New Orleans, Louisiana,
at 10:00 A. M. Friday, July 14, 1939.

Persons representing the Government:

Acting Special Agent in Charge Frank W. Lohm
Special Agent James W. Cooner
Stenographer Marion E. Fitts

Person interviewed: MR. LEON C. WEISS

(Until further indication, questions were propounded by
Acting Special Agent Lohm)

Mr. Weiss, we want additional detailed information concern-
the payment of an inspection fee to you in 1937, in connec-
tion with the Bienville Hotel. You have no objection to furn-
ishing us with such information as is within your knowledge,
do you?

I would prefer to give it to the Grand Jury in Baton Rouge.
I have additional information that they requested me to get.

The Grand Jury is of course secret and we do not have access
to that. We want this information to be considered in con-
nection with income tax matters, being investigated by the
Intelligence Unit under the direction of the Commissioner of
Internal Revenue. I should advise you, however, in the event
the Grand Jury saw fit to call for a record of the testimony
concerning this matter it would be our duty to present it
to the Grand Jury. I should also explain, I think, that any
statement that you make herewith will be used against you in
the event you have violated any of the provisions of the In-
ternal Revenue laws.

Yes.

Will you be sworn, please. Do you solemnly swear that the an-
swers you will give to the questions about to be asked of you
will be the truth, the whole truth, and nothing but the truth,
so help you God?

I do.

- Q 1. In connection with the payment to you of an inspection fee,
Mr. Weiss, in 1937 will you explain please somewhat in detail
the services you rendered in earning this fee of \$5,750.00?
- A 1. I made a complete inspection and a report to the President of
Louisiana State University of the property known as the Bien-
ville Hotel, which property the University was to purchase.

It was the desire of the University to ascertain through me the physical condition of the building and my appraisal as to the fairness of the price. I made such a report to him on behalf of the University and for this service charged \$5,750.00 which was paid to me by a check of the University.

Q 2. Was there any written contract between you and the University authorizing the inspection or the payment of your fee for the inspection?

A 2. There was not. There were no written contracts except where we asked for those contracts for specification purposes in connection with P. W. A. loans where specific contracts were required for their records. We were serving the University as architects practically continuously since 1931 or 1932 with one single notable interruption and thereafter again.

Q 3. With whom did you enter into the verbal agreement or arrangement for the inspection of the Bienville Hotel?

A 3. Upon the request of Dr. Smith, President of the University.

Q 4. Do you recall the time and place of this agreement with Dr. Smith?

A 4. I do not.

Q 5. Do you recall the approximate time you devoted to making this inspection?

A 5. The time involved in making the inspection was not related to the charge we would make for such an inspection. The charge is based upon the value of the service and not on its time cost to the professional man whose statement would be valuable because of the fact that he made it.

Q 6. But do you recall just about how long you were employed in this particular inspection?

A 6. I do not, because part of the time was in the field, that is at the property, and part of the time was spent in my own office. We do not keep time records on things of that sort and I did not and do not consider that of importance.

Q 7. Do you have a copy of your inspection report that might be made available to us?

A 7. I am not certain that there was any written report. I am inclined to believe my report was made verbally to Dr. Smith.

Q 8. Did anyone assist you in making the inspection?

A 8. No.

Q 8. Did you make any drawings or record of of the dimensions, type of construction, etc.?

A 8.

I did not. The information necessary in the premises was provided me in a tracing which constitutes a survey of sq. 183, 1st Dist. which shows the various parcels of land and the dimensions which tracing I found in my files yesterday afternoon, and caused blue prints there of to be made so that I could make use of the same in connection with any questions asked me. I likewise found a drawing showing the location of the building on that irregular site, location of sheds, outbuildings and garages, and the boiler house which faced Gallego Street. I likewise made available for my use photostatic copies of a small scale, which served to give me in detail the arrangement of the building, floor by floor, with the exception of the top-most floor or roof garden and other structures built on the roof. One photostat was evidently made from a drawing prepared for the original building, the Bienvenue Apartments, and constructed by the Hotel Grunewald Company, by their architect - Toledano, Wogan and Bernard, showing the first floor plan, three small-scale prints, one showing the second and third floor plans, one showing the fourth floor plan and one showing the fifth, sixth and seventh floor plans. These prints I found in my files last afternoon.

Q 9.

Were these the same plans and drawings considered by you in the course of your inspection of the hotel?

A 9.

They are.

Q 10.

Do you recall from whom you received these drawings and prints?

A 10.

No, I presume either by Dr. Smith or by the owners of the property.

Q 11.

Is the Lee Circle a hotel corporation?

A 11.

I do not know.

Q 12.

Do you recall whether Mr. Hart gave you these?

A 12.

I do not recall, but I am inclined to believe he did not. As a matter of fact, it is probable that some employer of our office, if these plans were furnished by the hotel company, were sent to keep them, after we ascertained they were available.

Q 13.

(Cooner, for remainder of interview) At the time that you inspected this building did you also make an inspection of the furnishings and the equipment?

A 13.

In order that I may answer that question, Mr. Cooner, it would be necessary to define the terms you used - and that is not a question asked in a frivolous sense or to embarrass you. I will explain that it is an open question as to what one man would call equipment and another furnishings. In our practice we normally consider equipment to consist of those things or part of a building in the way of mechanical devices such

as boilers, pumps, fans, motors, pipe work, plumbing fixtures, steam heating appliances, ventilating apparatus, registers, grills and any other mechanical devices or apparatus that are necessary, to the functioning of the building. In connection with the hotel I would include kitchen equipment such as sinks, stoves, ranges, kettles, mixers and grinders and silver polishing or washing devices, plates and other washing devices. I would not put in this category of equipment beds, rugs, carpets, furniture, linens, curtains, shades, and those things that would come under the general classification of furniture and furnishings in this particular case. Now, if you will ask your question with this in mind, I think we will understand the differences that I make and that the general differences between equipment and furnishings are evident. Get that Mr. Cooney?

Q 14.

A 14.

Did you inspect all of the items that you just enumerated? I cannot say that I would classify my check up of value to have included the itemization of all these items above enumerated, because they would constitute a rather small proportion of the value of the building as compared with the value of the land and the structure itself. Let me explain, this became and did at the time appear to become a matter of small importance or consequence because my estimate of the replacement value of the building so far exceeded the contemplated purchase price or the approximate purchase price that the bearing of the exact of the condition of these devices was not important. In the finality I employed, as we usually employ, in my appraisal is, certain constants or units, which through long familiarity with building construction, both in our office and incidentally elsewhere we have found to apply in arriving at the cost of a completed building or the value of one already under construction.

Q 15.

A 15.

Do you now recall whether or not your report contained any discussion of the value or condition of the mechanical devices that were installed in the building?

The only interest I had in the mechanical devices was whether they were functioning or appeared to be in a condition to continue to function. The value of the mechanical equipment to the building and grounds, as far as the whole value was concerned, was relatively small, and I do not believe in my report to Dr. Smith I went specifically into detail with him in this regard.

Q 16.

Do you recall what year it was you made this inspection?

A 16.. No, I don't, unless I had some way of determining that from the records.

Q 17. For your information I will state that the records of the Board of Supervisors of the University show that the purchase of this building was approved in September, 1936. However, the act of sale was at a later date, but still before the year 1936. Does this information help you to fix the approximate time that you made this appraisal?

A 17. I am afraid it does not.

Q 18. At the time that you made this appraisal were you informed as to the amount of the contemplated purchase or the purchase price?

A 18. I think that I knew this, I am not absolutely certain just what the exact amount of the purchase price was, or that it was known to me. I would not be surprised, however, that the contemplated purchase price was known to me at that time.

Q 19. Did your discussion with Dr. Smith fix your opinion as to the definite value of this building for use of the University?

A 19. I was - I suppose I should say - I was aware of the contemplated use of the building at the time I made the appraisal and viewed the prospective purchase from the angle of the usefulness of the building to the University in lieu of the cost of the building, as I have done on similar occasions in this city. My recollection is that Dr. Smith, in discussing this matter with me, stated that it was his intention to use certain upper floors as dormitories for housing students of the medical school in New Orleans. Portions of other floors were to be used for the re-establishment of the Extension Department or Division of Louisiana State University, which had been operating under the direction of Dr. Griffith, I believe, and which was very popular, and which, when discontinued because of the objections which some other local colleges or institutions caused numbers of requests to be made upon Dr. Smith to re-establish it. The remainder of the building Dr. Smith stated that he thought he could rent to some state departments in the city of New Orleans which were occupying quarters rented from individuals, and possibly the first floor might return revenue from commercial enterprises such as stores. The cost of provisions to take care of this contemplated program would have been many times the cost of the purchase price of this property. I did not approach the matter of establishing the value of this property to the University on the same basis I would have approached the sale of this property to some other prospect to operate as a hotel or to an investor who had no specific pre-arranged use of the building in mind, nor to any private individual where the question of taxation would have to be taken into consideration in connection with the net income.

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Q 20.

My interpretation is that you consider the usefulness of the building by the University, or the uses to which you understood it was to be used, rather than determining the actual sale value of the building as important? Is that correct?

A 20.

That is not entirely correct because I did take into consideration the cost of re-placing the building as the first figure to be determined and I obtained information that the cost of the building with its fixtures and equipment was exceeded, in my opinion, the approximate contemplated purchase price.

Q 21.

Then you must have known what the contemplated purchase price was.

A 21.

I must have known that. I believe that I was asked to ascertain whether that particular price was a fair price for the property. I think that is correct.

Q 22.

Was it your understanding that this purchase price did or was not to include the room furnishings, chinaware, kitchenware, etc.

A 22.

Yes, I am quite sure at no time was I asked to include the items that you mentioned in establishing the correctness of the purchase price.

Q 23.

Mr. Weiss, do you recall the date that you billed the University for your services in connection with this matter?

A 23.

We do not send bills. We, from time to time, ask owners for money, and if the owner is willing to pay them and it is available, we receive this money and send the owner a certificate or receipt. We do not carry on our books accounts payable by clients, though we have means of checking the outstanding amounts due with reference to records in our office in various reports supplemented by recollection of services rendered. The only time we send a bill or certificate to an owner - we sometimes send bills or certificates to owners in the form of a "dun" where an owner has failed to make payment. There are some cases like that.

Q 24.

This particular bill for \$5,760.00, to whom did you send this bill or certificate?

A 24.

I believe that the bill was rendered to the University, when Dr. Smith, at my request, announced that he was ready to pay it. That is usually the way these things are done.

Q 25.

Did you personally send this bill?

A 25.

I do not know. I may have personally rendered the bill, I think that is correct.

Q 26.

Was the bill prepared in your office?

A 26.

I do not know. It would not make much difference - to me at least.

Q 27. From my point of view, it makes a material difference.

A 27. I cannot answer that because I do not remember.

Q 28. The reason it makes a material difference is or is not in the fact that this item was not reported on your personal records or your firm's records.

A 28. I have explained that as an oversight this was made and that as soon as the matter reached my attention I made application for the privilege of paying the income tax and I did pay the income tax.

Q 29. Do you know whether or not that you personally delivered this bill to Dr. Smith?

A 29. No, I presume that I did because it was my own individual bill and transaction, I think that is correct.

Q 30. Do you recall whether or not that the \$5,700.00 check that was issued to you in payment of the bill on or about May 10, 1938 was delivered to you by Dr. Smith on or about that date?

A 30. No, but I cannot say how it could have been otherwise.

Q 31. Since refreshing your memory on this matter, do you now recall cashing this check in Baton Rouge?

A 31. No, I cannot remember that.

Q 32. Can you now swear that you paid no part of the proceeds of this check to Dr. Smith?

A 32. I do not recall giving any part of the proceeds of this check to Dr. Smith.

Q 33. Do you recall paying any part of the proceeds of this check to any as a commission, rebate or loan?

A 33. I do not.

Q 34. Mr. Weiss, the records of Louisiana State University disclose that on March 18, 1936 that institution issued check No. 5730 for the sum of \$20,000.00 payable to the order of Weiss, Dreyfous and Seyforth and endorsed by you in the name of the firm. You have previously testified that you endorsed this check back to the University in payment of \$20,000.00 par value of bonds in that institution. What certificates were used to support the payment of this check?

A 34. From information that I now have this payment was supported by two certificates that had been made by our firm and signed by our firm for payments on stadium-dormitory projects and which had been previously paid. It was not within the compass of my knowledge or information at the time the payment was made. I can explain that. I think I should. In our numerous dealings - in the course of our long contract with the University there were times when the University's finances apparently were not -

what shall I say - full or flush, and we had in the past made application for permits at various times. In fact, I had been told by Mr. Smith that in 1931 he had the permit for the residence. I requested him that I should have a copy of the permit. In some cases, certificates were sent to the office, but because of his assurance that the permit was not needed, there were occasions when certificates were sent to the office and were not removed after they were received. I am not sure, but I am inclined to believe that Dr. Smith has, or may have had, in his possession certificates sent by our office, receiving the same. I am convinced that the proper plan would have been that I was of the opinion, and I believe that I am, that Dr. Smith possessed certificates which were correct, correct and correct, which would serve as vouchers to him. I repeat, I did not know that these certificates, which through the complexity of the transaction, which I can explain, were used to voucher payment by check No. 177.

Q 34.

Mr. Weiss, what service did you or your firm render in connection with the planning or building of the residence of Mr. E. N. Jackson?

A 34.

Our office designed the residence for Mr. E. N. Jackson and furnished him plans for the construction of this residence. Thereafter we had no interest in, or connection with, the construction of the residence. I personally did not set foot upon the property or within the residence in connection with its construction at any time. In fact, the only time that I was ever in Mr. Jackson's residence was on Monday, May 20, which I have ascertained to be the date of the last Louisiana State University Commencement, on which occasion, accompanied by Dr. Smith, I called upon Mr. Jackson and his family to have afternoon tea - and I mean tea. We remained in Mr. Jackson's residence on that day not over half an hour and that was the first and is the only time that I was ever in the house. I gave no supervision during construction. I believe our office served Mr. Jackson in the correction and the checking of small details. This check would be for conformity of work or mill drawings with the original drawings. Does that answer your question?

Q 35.

What payment did your firm receive for this service?

A 35.

I never received one cent for these services because Mr. Jackson said that he was crowded for money and that some time he would pay us for these services.

Q 36.

What was the agreed price for these services?

A 36.

There was no agreed price, for these services. The normal price which we charge for residence work included preliminary soundings, working drawings and specifications, checking of details

and almost daily supervision in the City of New Orleans in 10%. Of this fee approximately 6%, or three-fifths of the whole, would be chargeable to the cost of plans and specifications up to the time of the award of the contract.

Q 27.

What is the approximate fee that you proposed to render Mr. Jackson for the particular service rendered him.

A 27.

I do not think we charged that bridge. Because as I said before we send no bills. We requested payments from owners either by telephone or in person, and if they are ready to pay we send them a certificate and they send us a check. Our routine work and in fact most of our professional contracts are rather informal as compared with the procedure in normal commercial or merchandising transactions.

Q 28.

Do you mean to state that no agreement has been made as to the amount of this fee to date?

A 28.

The matter has not been discussed thus far, except that Mr. Jackson himself stated that he expected to and would pay a fee.

I have read the foregoing statement, consisting of thirty-eight questions and answers, and the answers to questions propounded to me are true and correct to the best of my knowledge and belief.

SEYMOUR WEISS

SUBSCRIBED AND SWORN TO BEFORE ME THIS THE _____
DAY OF JULY, A.D., 1939.

SPECIAL AGENT.

65

COMMUNICATIONS SECTION

JUL 12 1939

TELETYPE

Mr. Tolson	
Mr. E. A. Tamm	
Mr. Clegg	
Mr. Coffey	
Mr. Egan	
Mr. Glavin	
Mr. Crowl	
Mr. Harbo	
Mr. Lester	
Mr. Lawler	
Mr. Nichols	
Mr. Rosen	
Mr. Sears	
Mr. Quinn Tamm	
Mr. Tracy	
Miss Gandy	

FBI NEW ORLEANS 7-12-39 3-45 PM ALS

DIRECTOR ✓

RE LOUISIANA STATE OFFICIALS, INFORMATION CONCERNING. JAMES MONROE

SMITH APPEARED BEFORE BATON ROUGE PARISH GRAND JURY FOR TWENTY MINUTES THIS MORNING APPARENTLY UNDER PROTEST SINCE BOTH DISTRICT ATTORNEY AND REPORTER STAYED OUT OF JURY ROOM. SUBPOENAS HAVE BEEN SERVED UPON EX GOVERNOR LECHE, GENERAL GUERRE, SUPERINTENDENT LOUISIANA STATE POLICE, SUPERVISOR OF PUBLIC ACCOUNTS FRANK SHATTUCK, AND OTHER OFFICIALS TO APPEAR BEFORE BATON ROUGE GRAND JURY TOMORROW MORNING.

USA VIOSCA BELIEVES HE WILL HAVE EXCELLENT MAIL FRAUD CASE IN CONNECTION WITH PAYMENT OF SEVENTY FIVE THOUSAND DOLLARS OF UNIVERSITY FUNDS IN PURCHASE OF BIENVILLE HOTEL. THIS MONEY WAS ALLEGEDLY PAID FOR FURNISHINGS IN BUILDING IN ADDITION TO PURCHASE PRICE ALTHOUGH PURCHASE PRICE SUPPOSED TO HAVE INCLUDED ALL EQUIPMENT AND FURNISHINGS. VIOSCA EXPECTS TO BE READY TO HAVE GRAND JURY RETURN MAIL FRAUD INDICTMENT THIS FRIDAY HOWEVER HE WILL TELEPHONE THE ATTORNEY GENERAL FOR ADVICE BEFORE HAVING GRAND JURY MAKE ITS RETURN. HE EXPECTS TO INDICT EX GOVERNOR LECHE, JAMES MONROE SMITH, SEYMOUR WEISS, MONTE HART, J. EMORY ADAMS, LOUIS LESAGE AND POSSIBLY E. N. JACKSON, IN THIS MAIL FRAUD CONSPIRACY.

USA VIOSCA BELIEVES THIS MAIL FRAUD CASE IS MUCH LIKE JAMES MONROE SMITH THAM INCOME TAX EVASION CASE.

Shown to A.G. 7/14/39

62-32509-142
JUL 15 1939
U. S. DEPARTMENT OF JUSTICE
TOLSON
TAMM
ONE

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UNRECORDED COPY FILED IN 66-4-5-34

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170-85-17-1964

INVESTIGATION
COMMUNICATIONS SECTION

JUL 12 1939

TELETYPE

Mr. Tolson	.....
Mr. E. A. Tamm	.....
Mr. Clegg	.....
Mr. Coffey	.....
Mr. Glavin	.....
Mr. Ladd	.....
Mr. Nichols	.....
Mr. Rosen	.....
Mr. Tracy	.....
Miss Gandy	.....

PAGE TWO

DEFRAUD WILL BE PAYMENT OF THE SEVENTY FIVE THOUSAND DOLLARS,
WHICH DEFRAUDED THE UNIVERSITY, TO THOSE MENTIONED IN INDICTMENT.
PROOF OF USE OF MAILS WILL BE FACT THAT SEVENTY FIVE THOUSAND
DOLLAR CHECK WAS CASHED IN NEW ORLEANS BANK KNOWING SAME WOULD
HAVE TO BE SENT THROUGH MAILS TO BATON ROUGE FOR PAYMENT.
LOS ANGELES DIVISION HAS INFORMED THAT MRS. W. A. THARPE WILL BE
AVAILABLE FOR INTERVIEW AT LOS ANGELES THIS FRIDAY MORNING HENCE
I AM SENDING AGENT C. W. DUNKER TO LOS ANGELES VIA AIR TO CONDUCT
THIS INTERVIEW. THE AGENT WILL LEAVE HERE TOMORROW MORNING.
USA HAS NOT MADE ANY FURTHER REQUESTS OF THIS OFFICE FOR
INVESTIGATIVE ASSISTANCE

SACKETT

END

OVY P

OK FBI WASH DC SRN

62

JFS:DF

62-32509

July 14, 1939

Special Agent in Charge
New Orleans, Louisiana

Re: Louisiana State Officials
Information Concerning

Dear Sirs:

I am transmitting herewith copies of a letter
addressed to the Attorney General under date of July 1,
1939, from Guy J. Prevot, Mansura, Louisiana, for reference
to the United States Attorney at New Orleans, Louisiana.

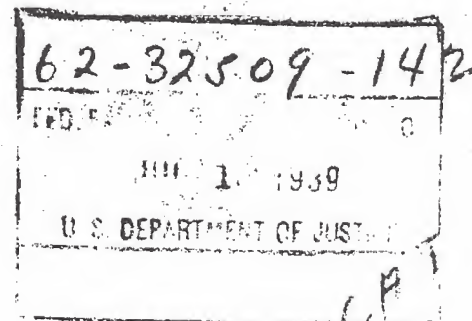
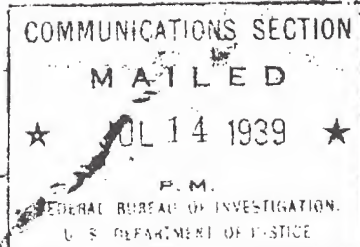
Very truly yours,

John Edgar Hoover
Director

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Egan _____
Mr. Glavin _____
Mr. Crowl _____
Mr. Harbo _____
Mr. Lawler _____
Mr. McIntire _____
Mr. Rosen _____
Mr. Sears _____
Mr. Nichols _____
Mr. Q. Tamm _____
Mr. Tracy _____
Miss Gandy _____

Inclosure

RECORDED



Handwritten signature and number 63

Mr. J. Edgar Hoover

Dear Sir -

There is a man in New York - name Norman Silver/Pateman-
Working under the name of Consulting Engineer- Who is an ex
convict - said to be train robber - mixt up in a 100,000
Lousiana steal and many other things - Maby you have his
record- This was gathered from conversation I heard may not
be of interest to you yet it might-

I am only trying to be of service to you

No ax to grind never knew him But feel that such a man should
be known by your office

RECORDED
&
INDEXED

62 32509-14

FEDERAL BUREAU OF INVESTIGATION
JUL 18 1933
U. S. DEPARTMENT OF JUSTICE

IDENT UNIT TWO

8/16/34

Let. N.C.

ACH

Norman Silver/Pateman
415812
not much record
7-20-34

64



Mr J Edgar Hoover
Washington
D C

**Federal Bureau of Investigation
United States Department of Justice**

LCS ANGELES, CALIFORNIA
JULY 14, 1939

Director
Federal Bureau of Investigation
Washington, D. C.

Dear Sir:

Re: SPECIAL AGENT C. W. DUNKER

This is to advise that the above-named Agent arrived in Los Angeles at 12:29 A.M. this date from New Orleans, in connection with the case of Louisiana State Officials, Information Concerning.

While in Los Angeles, Agent DUNKER'S address is Rosslyn Hotel, telephone Michigan 3311.

Very truly yours,

R. B. Hood
R. B. HOOD

Special Agent in Charge

RBH:AB

AIR MAIL

CC NEW ORLEANS

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32507-145

JUL 17 1939

[Handwritten signature]

66

Federal Bureau of Investigation
United States Department of Justice
New Orleans, Louisiana
July 16, 1939

Director,
Federal Bureau of Investigation,
Washington, D. C.

RECORDED
&
INDEXED

Re: MONTE E. HART, et al.
MAIL FRAUD.

Re: LOUISIANA STATE OFFICIALS
INFORMATION CONCERNING

62-32539-139
FEDERAL BUREAU OF INVESTIGATION
JUL 17 1939
U. S. DEPARTMENT OF JUSTICE
TOLSON
W. A. RORER
TWO

Dear Sir:

This will confirm the telephonic conversation with Inspector AL ROSEN of the Bureau today.

Inspector ROSEN was informed that Special Agent R. L. SHIVERS of this office had just conferred with Mr. O. JOHN ROGGE, Assistant Attorney General, who came to New Orleans from Chicago by plane last night. Mr. ROGGE has been in conference with the U. S. Attorney and his staff here today on the mail fraud angle of the general investigation. He stated it was his purpose to have an indictment returned when court convenes Monday, July 17, 1939, against MONTE E. HART, JAMES MONROE SMITH, J. EMORY ADAMS, SEYMOUR WEISS and LOUIS LESAGE for using the mails to defraud. Mr. ROGGE supplied copy of the first count of the indictment, which I am transmitting herewith. The indictment is in two counts, but the second count has not been transcribed as yet. However, it is substantially the same as the second count of the indictment which was transmitted to the Bureau with my letter of July 14, 1939.

Mr. ROGGE was asked if he intended to communicate with the Attorney General before this indictment was returned and he indicated he would, saying he expected to call the Attorney General the first thing tomorrow morning. Mr. ROGGE indicated that he did not think the evidence against SEYMOUR WEISS was any too strong.

Mr. ROGGE also stated that he was not satisfied with the investigation which the W. P. A. has conducted, and in fact he emphasized his dissatisfaction with this investigation, although he did not particularize the reasons therefor, stating that he had been devoting most of the day to reviewing the facts and evidence in the mail fraud angle of the general investigation. Mr. ROGGE stated that he wanted this office to conduct a discreet, confidential investigation of HILARY J. GAUDIN, Assistant U. S. Attorney, as from the information he has obtained, Mr. GAUDIN seems to be "carrying water on both shoulders" and associates too closely with SEYMOUR WEISS and MONTE HART. He said

1 ENC. C

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170 SEP 17 1964

67

Director

7/16/39

he knew that his request would have to be referred to you, and I informed him that this question would be taken up with you immediately.

It was not possible to obtain the second count of the indictment, inasmuch as it had not been written up. However, as previously stated, it is substantially the same as the proposed draft which was submitted with my letter of July 14th.

For the evidence on which this indictment will be predicated, your attention is invited to a summary report rendered under the mail fraud caption by Special Agent C. E. WEEKS, NEW ORLEANS, dated July 14, 1939.

Very truly yours,

B. E. Sackett
B. E. SACKETT, *R/S*
Special Agent in Charge.

RLS:ahs

Encl.

AIR MAIL - SPECIAL DELIVERY.

UNITED STATES OF AMERICA,
DISTRICT COURT OF LOUISIANA
NEW ORLEANS DIVISION.

In the District Court of the United States, in and for the Eastern
District of Louisiana, New Orleans Division, at the NY term thereof, A. D.
1936.

The Grand Jurors of the United States duly empaneled, sworn and
charged at the last adjournment of the Court aforesaid, on their calls present
and absent.

That the said MORIS E. HART and SEYMOUR WEISS, both of whom
were present before the said Grand Jurors, were agents and employees
wholly to your Grand Jurors, heretofore, in the New Orleans Division of
the Eastern District of Louisiana who within the jurisdiction of said Court,
on or about the 15th day of September, 1934, and continuously thereafter
until on or about the 1st day of February, 1936, the exact date being unknown
to your Grand Jurors, unlawfully, wilfully, knowingly and fraudulently
devised and intended to devise a scheme and artifice to defraud and for ob-
taining money and property by means of false and fraudulent pretenses, re-
presentations and claims from the Louisiana State University and Agricultural
and Mechanical College, the State of Louisiana and the University of the State
of Louisiana and direct same persons to your Grand Jurors unknown, which
said scheme and artifice to defraud was to be effected by the use and abuse
of the Post Office Establishment of the United States, and in furtherance of
and for the purpose of executing said scheme and artifice said deposit and
cause to be deposited in an authorized depository for mail matter to be
sent and delivered by the Post Office Establishment of the United States, and
did cause to be delivered by mail according to the direction thereon direct
and country letters and checks, which said scheme and artifice to defraud was
in substance as follows:

That the defendants, MORIS E. HART and SEYMOUR WEISS were officers
of a certain corporation known as the Lee Circle Hotel Company, Inc., which
corporation owned a certain building and the land upon which it is situated in
the City of New Orleans known as the Bienville Hotel, together with all the
equipment, fixtures and other contents located therein; that on or about
September 23, 1934, the exact date being unknown to your Grand Jurors, the said
Lee Circle Hotel Corporation, acting through its agent, Seymour Weiss, began

62-32509-139

of the National Equipment Company, Inc., in the sum of \$75,000 to issue; that the defendant, MONTY E. BART, obtained possession of said check for \$75,000; that the said MONTY E. BART then procured the endorsement of one F. E. Jones, Vice-President of the National Equipment Company, Inc., on the said check, which check the said MONTY E. BART then himself endorsed and presented to be cashed at the City Branch of the Whitney National Bank at New Orleans, Louisiana, with which bank the said MONTY E. BART carried an

account; that the said check was cashed at the City Branch of the Whitney National Bank on the 14th day of November, 1936, in the sum of \$75,000 and the proceeds of said check were deposited to the credit of the defendant, MONTY E. BART, in the City Branch of the Whitney National Bank; that the defendant, MONTY E. BART, thereupon gave to the defendant, LOUIS LEBLANC, the sum of \$25,000 in currency and retained the balance of the said sum of \$75,000 as his own property and for his own use and benefit; that the defendant, MONTY E. BART, received from the National Equipment Company, Inc., the sum of \$19,044.81 as his own property and for his own use and benefit.

And your Grand Jurors further present and charge: That in pursuance of said scheme and for the purpose of carrying out said scheme, the defendant, MONTY E. BART, on his own behalf and on behalf of the other defendants herein, presented the aforesaid check of the Louisiana State University and Agricultural and Mechanical College drawn to the order of National Equipment Company, Inc., in the sum of \$75,000 to the City Branch of the Whitney National Bank to be cashed, the defendants well knowing that said check was drawn upon the City National Bank of Baton Rouge, Louisiana, and that it would be necessary in

in order to collect the said debt be presented to the City National Bank of New Orleans, Louisiana.

That on the 29th day of October, 1934, the City Branch of the Whitney National Bank as agent for the defendants herein in accordance with its usual custom cleared the said check through the Federal Reserve Bank at New Orleans, Louisiana, which in turn as agent of the said City Branch of the Whitney National Bank one of the defendants herein, and in order to effect payment of said check presented the said check to the New Orleans branch of the Federal Reserve Bank in New Orleans, Louisiana, in accordance with its usual custom and practice and in order to be collected by the said City Branch of the Whitney National Bank.

That the Grand Jurors say and intend that the pretenses, representations and claims of the defendants herein that the defendants herein of \$75,000 received from the Louisiana State University and Agricultural and Mechanical College and in payment of equipment, fixtures and other contents of the Bienville Hotel at New Orleans, Louisiana, have been not fraudulent in that, to-wit: that the defendants well knew that the said Louisiana State University and Agricultural and Mechanical College would not and did not receive in return for said payment of \$75,000 any consideration or any other value of value whatsoever; that all of the defendants herein then and there well knew that all of the equipment, fixtures and other contents of said Bienville Hotel were the subject of the sale of the Bienville Hotel with all of its contents and were included in the sale price of \$500,000 for said hotel with all appurtenances thereto belonging or in anywise appurtenant, and all equipment, fixtures, furniture, heating and lighting equipment, piping and plumbing and other contents or contents thereto as is set forth in the Material and before Ernest E. Bly, Notary Public for the Parish of Orleans, collected payment of \$75,000 as aforesaid; that all of said defendants also well knew that said National Equipment Company, Inc., had no title or right to said equipment, fixtures and other contents of the Bienville Hotel pretended to be conveyed to the Louisiana State University and Agricultural and Mechanical College in consideration of the said payment of \$75,000 and that all of said defendants well knew that the said National Equipment Company, Inc., could convey no title or right to said property.

And the said Grand Jurors say, present and find that each and every one of the pretenses, representations and claims made and intended to be made

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to the said defendant with intent and intention to be false and untrue and at all times defendant knew and intended to be false and untrue and with the intention of obtaining from Louisiana State University and Agricultural and Mechanical College and the State of Louisiana the sum of \$75,000 not lawfully due, and converting the same to the use and benefit of said defendant.

On or about the 1st day of March, 1936, at New Orleans, Louisiana, in the New Orleans District of the Eastern District of Louisiana and within the jurisdiction of this Court for the purpose of converting the same and with intent, unlawfully, fraudulently and feloniously did knowingly deposit and cause to be deposited in an authorized depository for mail matter of the United States at New Orleans, Louisiana, a certain cash letter and check enclosed in a postpaid envelope addressed to City National Bank, Baton Rouge, Louisiana, to be sent and delivered by the Post Office Establishment of the United States, the face and reverse of which said check were and are of the following tenor, to-wit:

Auxiliary

Auxiliary

No. 1734

LOUISIANA STATE UNIVERSITY AND A. & M. COLLEGE

Baton Rouge, La., Oct 10 1936 1936

Pay to the
order of

National Equipment Co. Inc. \$75,000.00

\$75,000 & 00/100

DOLLARS

Louisiana State University and A. & M. Col

CITY NATIONAL BANK
Baton Rouge, La.

(Signed) G. C. Ferguson

Auditor

This voucher-check, when properly endorsed, becomes receipt in full for items listed. Alterations and erasures render null and void; return if not correct.

RECEIVED

NATIONAL EQUIPMENT COMPANY, INC.

(Signed) F. E. Ann

Vice-President

(Signed) M. E. Hart

Pay to the order of
ANY BANK, BANKER OR TRUST CO
Prior endorsements guaranteed
OCT 23-1936
New Orleans Branch
FEDERAL RESERVE BANK OF ATLANTA
14-21 New Orleans, La. 14-21

Pay any Bank, Banker
or Trust Co., or Order
Prior Endorsements Guaranteed
UNITED NATIONAL BANK OF NEW ORLEANS
41027

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New Orleans, La., July 23, 1933.

Federal Bureau of Investigation,
Washington, D. C.

RECORDED

INDEXED

FEDERAL BUREAU OF INVESTIGATION

JUL 23 1933

U. S. DEPARTMENT OF JUSTICE

TAMM

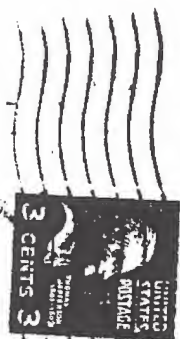
TWO

Gentlemen:

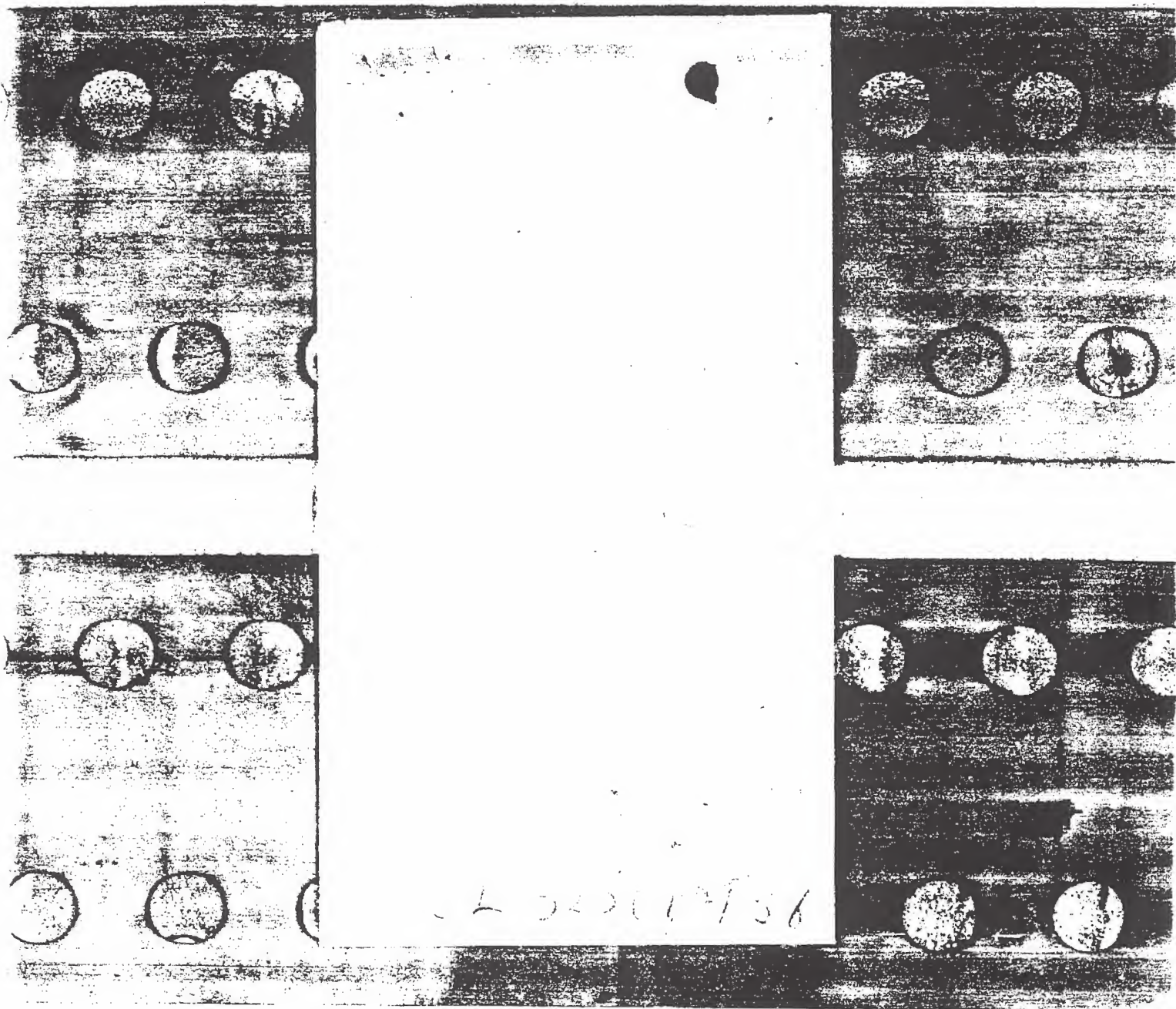
Crime Victims
We want to thank you and congratulate you on investigating all the incomes and wrongdoings of Louisiana's politicians, we want you to go down to the very end and punish every one and guilty. They have disgraced our fair state, and the name of our fair state is fun over this land. Please do help us in this our hour of need. Our taxes are sky-high everything. We need relief and we need relief quick, and we look forward to you and your organization to investigate everything wrong these politicians done, that is taken away under improper circumstances and make them turn it back into the state treasury and put them in jail for a long time, in this way you would be a great duty to our fair state.

In thanking you for your efforts to correct our unfortunate position with our unreliable politicians, we remain,

L. C. *W*
E *W*
NEW ORLEANS HONEST CITIZENS AND ALSO HONEST CITIZENS OF GOOD
ODD LOUISIANA, whose name the politicians have put under their
feet, after they looted her treasuries.



Federal Bureau of Investigation
Washington, D. C.



JFS:DF

RECORDED

62-32509 - 137X July 19, 1939

Mr. James W. Reagan
Baskin, Louisiana

Dear Mr. Reagan:

Your letter of July 8, 1939, addressed to United States Attorney General Frank Murphy, has been referred to this Bureau for investigative attention.

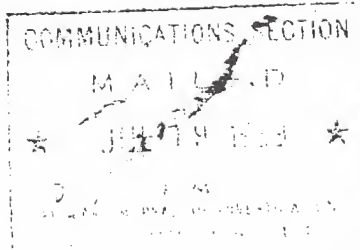
Your letter will be referred to the United States Attorney at New Orleans, Louisiana, for appropriate attention.

Very truly yours,

John Edgar Hoover
Director

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Egan _____
Mr. Glavin _____
Mr. Crowl _____
Mr. Harbo _____
Mr. Lawler _____
Mr. McIntire _____
Mr. Rosen _____
Mr. Sears _____
Mr. Nichols _____
Mr. Q. Tamm _____
Mr. Tracy _____
Miss Gandy _____

cc New Orleans



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JFS:DF

62-32509 - 137X July 14, 1939

RECORDED

Special Agent in Charge
New Orleans, Louisiana

Re: Louisiana State Officials
Information Concerning

Dear Sir:

I am transmitting herewith copies of a letter addressed to the Attorney General under date of July 8, 1939, from James W. Reagan, Baskin, Louisiana, for reference to the United States Attorney at New Orleans, Louisiana.

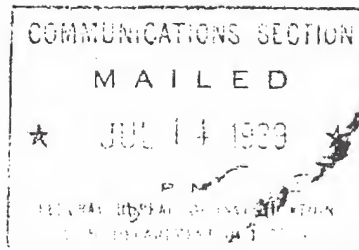
Very truly yours,

John Edgar Hoover
Director

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Egan _____
Mr. Glavin _____
Mr. Crowl _____
Mr. Harbo _____
Mr. Lawler _____
Mr. McIntire _____
Mr. Rosen _____
Mr. Sears _____
Mr. Nichols _____
Mr. Q. Tamm _____
Mr. Tracy _____
Miss Gandy _____

Inclosure

CC to Department together with original inclosure.



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COPY - R

Baskin, La.
July 8, 1939

U. S. Attorney General F. Murphy
Washington, D. C.

Hon. Mr. Murphy:

I am writing you in connection with recent investigations in La. It has been rumored that an investigation would be made into the 5% "Kick In" collected from all State employees.

I wish to say that I have worked for the state for three years, or up until Oct. 21st 1938. At that date I quit working for them. Every check we recd. we had to kick in 5%. I was getting \$2.50 with the exception of about 3 months that I recd. \$3.00 per day. During this period I payed in or kicked in about \$140.00. The kick in was made at the district office or a man would call out on the work to take this "kick in" up. They would not give you a receipt or let you pay by check. Failure to "kick in" automaticaly removed you from the payrolls. As this is a very unfair practice I would like to see it investigated.

I didn't know just who to write but decided to write you. They are so closely associated at Baton Rouge until it would be useless to ask for an investigation from our State Attorney General.

Would it be necessary for me to make an affidavit out to begin a clean up or just what? No present employee of the State can do this as he would be fired outright.

(I will be expecting a reply from you.

Thank you

Very Truly

James W. Reagan

RECORDED

62-3254-131

WJH

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Official indicated below by check mark

Solicitor General Jackson.....
Assistant to the Attorney General.....
Assistant Attorney General Arnold.....
Assistant Attorney General Morris.....
Assistant Attorney General Whitaker.....
Assistant Attorney General Littell.....
Assistant Attorney General Rogge.....
Assistant Solicitor General Bell.....
Mr. Hoover, Dir., Bu. of Investigation.....
Mr. Bennett, Director of Prisons.....
Mr. Martin, Director of War Risk Bureau.....
Mr. Lawrence, Dir., Bond and Spirits Division.....
Mr. Quinn, Administrative Assistant.....
Mr. Kemp, Special Assistant.....
Mr. Holtzoff, Special Assistant.....
Board of Parole.....
Mr. Lyons, Pardon Attorney.....
Mr. McClure, General Agent.....
Mr. Donaldson, Chief Clerk.....
Mr. Hill, Appointment Clerk.....
Mr. Crain, Division of Records.....
Mr. Holland, Division of Supplies.....
Mr. McKavitt, Librarian.....
Mr. Williams.....
Mr. Mulcahy.....
Miss Bumgardner.....
Mr. Gates.....
Mr. Hedetniemi.....
Miss LaHue.....
Miss Watters.....
Mr. Euwer.....

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on Sept 24 21. 8459

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JUL 10 1939

July 7, 1939

MEMORANDUM FOR THE ATTORNEY GENERAL

For your information, I am attaching hereto a copy of a teletype from the New Orleans Office of the FBI, dated July 6, 1939, referring to the developments in the State of Louisiana upon the general situation there.

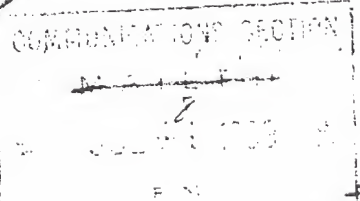
Respectfully,

John Edgar Hoover

John Edgar Hoover
Director

Inclosure

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Crowl _____
Mr. Egan _____
Mr. Foxworth _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Lester _____
Mr. McIntire _____
Mr. Nichols _____
Mr. Q. Tamm _____
Mr. Tracy _____
Miss Gandy _____



62-32501-137

1 3 Masonic Temple Building
New Orleans, Louisiana
July 6, 1939

Honorable Rene A. Viosca,
United States Attorney,
Post Office Building,
New Orleans, Louisiana.

Dear Sir:

Attached hereto are the following investigative reports prepared by this office and which are for your use:

Report of Special Agent in Charge B. E. Sackett, dated July 3, 1939 at New Orleans, Louisiana on JAMES MONROE SMITH, with aliases; BANK ROBBERY.

Report of Special Agent T. W. Wilson, dated July 3, 1939 at New Orleans, Louisiana on W.P.A. IRREGULARITIES: INFORMATION CONCERNING.

Report of Special Agent C. W. Dunker, dated July 3, 1939 at New Orleans, Louisiana on LOUISIANA STATE OFFICIALS: INFORMATION CONCERNING.

Yours very truly,

B. E. SACKETT,
Special Agent in Charge

CEW:EEK
cc Bureau
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62-977
62-987

INDEXED

62-3211-11

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**Federal Bureau of Investigation
United States Department of Justice
New Orleans, La.
June 26, 1939.**

**PERSONAL AND
CONFIDENTIAL**

Mr. Tolson	✓
Mr. Nathan	✓
Mr. Clegg	✓
Mr. Coffey	✓
Mr. Egan	✓
Mr. Glavin	✓
Mr. Ladd	✓
Mr. Nichols	✓
Mr. Rosen	✓
Mr. Tracy	✓
Miss Gandy	✓

Mon. John Edgar Hoover,
Federal Bureau of Investigation,
U. S. Department of Justice,
Washington, D. C.

Re: Louisiana Political Situation.

Dear Mr. Hoover:

RECORDED & INDEXED

62-32509-136

In accordance with your request, I am summarizing briefly the recent developments in the Louisiana political situation. JUL 15 1939

The State political Democratic organization has, for a number of years, with the exception of the period when the late Senator HUEY P. LONG was fighting the City of New Orleans administration, dominated the political picture in Louisiana. A caucus of the Party meets several months before a State election and chooses candidates for the Governorship and other State offices, which candidates, by reason of having the support of the Machine, are virtually assured of being elected. The caucus of the State Democratic political party is expected to be held during the latter part of October or in November 1939, at which time candidates for State offices, including that of Governor, will be chosen. The election is scheduled to take place during January. Governor RICHARD W. LECHE has been in office since May 12, 1936.

For the past year, various politicians in the State have announced, some seriously and others just talking, their intention of seeking the Party's support to run for the Governorship this year, since it was known that LECHE would not run again. Most of these men have dropped from the limelight and are now unheard of in this regard. However, the following individuals have been, and are, very active in the gubernatorial race, and constitute, in my judgment, the principal candidates:

Lieutenant-Governor EARL K. LONG, a brother of the late Senator LONG, is the man who is supposed to have the "inside track" at the present time. LONG had, for the past several months, hinted in press interviews that he had been promised the State Political Party's support for the Governorship in 1939, and as a matter of fact, at the Louisiana Peace Officers Convention at Baton Rouge, Louisiana, on May

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JUL 15 1939

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June 26, 1939.

16, 1939, I heard LONG, in his talk before the Convention, definitely make the statement that four years ago when he went in as Lieutenant-Governor, those in control of the Party had promised to support him, LONG, for the Governorship in the 1939 election. He also stated that Mayor ROBERT S. MAESTRI of New Orleans, is personally favoring his candidacy for the Governorship. These statements caused Mayor MAESTRI to state that he would support the candidate chosen by the Party's caucus in the Fall, and he did not at that time come out and definitely endorse EARL LONG.

JAMES ALBERT NOE, who is a State Senator from Monroe, La., is conceded to be LONG'S principal opponent for the Governorship. NOE announced his candidacy about eight months ago, and has been a very bitter critic of the LECHE administration since about the latter part of 1936, when he broke with LECHE and the administration. NOE is in the natural gas and oil business in Monroe, was very closely associated with and was a friend of Senator LONG, and acted as LONG'S "stooge", at the time of the radio investigation in 1934 of the City Administration of New Orleans.

NOE is well liked in Northern Louisiana, particularly, principally because of his loyal friendship to HUEY P. LONG, who is still worshipped up in that country almost as a god.

I received information from a confidential source that NOE was in Washington several weeks ago where he saw Attorney General Murphy, and is supposed to have given the Attorney General quite a bit of data regarding the corrupt operations of the present State Administration.

I furnished the Bureau with NOE'S background telephonically on June 19, 1939.

MR. WADE O. MARTIN, presently Chairman of the State Public Service Commission, is another announced candidate for the Governorship. MR. MARTIN has been rather inactive in his campaign, and has not been a very violent critic of the State Administration. No one seems to regard his candidacy as being serious, and he is not considered to have a chance of being elected to the office.

On June 22, 1939, MR. A. P. TUGWELL, who presently occupies the office of State Treasurer, announced his candidacy. This was the day following the evening when Governor LECHE announced his intention to

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June 26, 1939.

submit his resignation. TUGWELL had not theretofore been considered as a candidate, however, during the past few days he has made some public statements denouncing the Administration and EARL K. LONG. He is not considered by political observers, (as far as I know,) to have much of a chance at this time to secure the Party's support.

During the past few days it was also intimated that Attorney-General DAVID M. ELLISON, was being considered by LECHE, for the Governorship, however, this is still in the nature of a rumor, and has not been confirmed either by LECHE, ELLISON or others in authority.

It is generally conceded that Mayor ROBERT S. MAESTRI of New Orleans is the dominant political figure, publically, in the State at this time. The voting strength of the City of New Orleans is such that a substantial majority in the city would be sufficient to overcome any minority throughout the rest of the State. MAESTRI is the accepted leader of the City of New Orleans politically, hence, all of the candidates are trying to curry his favor and support.

This was the political picture throughout the State, generally, so far as the Governorship was concerned, until June 9, 1939, when the New Orleans States, an anti-administration newspaper in New Orleans, published photographs showing a truck, the property of the Louisiana State University, delivering newly made window sashes of the type used in private residences, and other building material, to the private property of MRS. JAMES McLACHLAN at Metairie, a suburb of New Orleans. MR. McLACHLAN is allegedly a very intimate friend of Governor LECHE, and is a Colonel on his Staff.

The building material was apparently used in connection with a building being erected on this property. Thereafter, the New Orleans States, and its morning paper, the Times-Picayune, conducted a rather vigorous campaign, fully illustrating its points by pictures and trying to secure explanations for these occurrences. I have been confidentially advised by the City Editor of the New Orleans States that the paper had a great deal of other information, apparently reliable, tending to show that the building material furnished by Louisiana State University was used in private construction at the homes of intimates of Governor LECHE. However, the attorney for the newspaper would not permit them to publish this information.

On June 9, 1939, also, Attorney General DAVID M. ELLISON, at the direction of Governor LECHE, upon the publicity appearing in the States as aforesaid, ordered an open hearing to be held June 15, 1939,

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June 26, 1939.

to inquire into the use of public property for private purposes.

The campaign of the New Orleans States and Times-Picayune continued unabated during the following few days, in every possible way criticizing the handling of these matters at Louisiana State University, securing and publishing conflicting statements from various individuals in the State Administration.

On June 13, 1939, Governor LECHE announced that the public hearing was indefinitely postponed, and stated that a broader investigation was underway. The following day the Superintendent of Construction of Louisiana State University stated that the records of the University relative to mill work done for private persons, were not available.

On June 14, 15, 16 and 17, 1939, DR. JAMES MONROE SMITH, President of Louisiana State University, could not be found at his office by reporters for questioning.

The June 17, 1939, issue of the Shreveport, Louisiana Journal newspaper quoted the Washington Merry-Go-Round by DREW PEARSON and ALBERT S. ALLEN, charging "W. P. A. corruption in Louisiana". The article quoted one full affidavit signed by six men alleging various irregularities. This entire article, as it appeared in the Washington Merry-Go-Round, was a few days later read into the Congressional record in the U. S. Senate, according to newspaper reports.

(I furnished the Bureau with complete newspaper clippings in this regard.)

The W. P. A. administrator for the State, JAMES H. CRUTCHER, asked for an investigation, and it appears that the Division of Investigations, W. P. A., had, a day or two previous thereto, started an investigation into these matters, which investigation is presently still in process of being conducted.

From your information I learned in a general conversation with my contact at the New Orleans States, F. EDWARD HERBERT, City Editor, that several months ago he, HERBERT, had seen sixteen affidavits submitted by various employees of the W. P. A., in, or in the vicinity, of Baton Rouge, alleging irregularities, including the use of W. P. A. labor and material on private projects. HERBERT confidentially informed me that these sixteen affidavits were sent to the Chicago Tribune newspaper and that they apparently thereafter found their way into the hands of PEARSON and ALLEN, which was the basis for the article appearing in their Washington Merry-Go-Round.

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June 26, 1939.

It is ^{the} my belief that the W. P. A. investigators have been, and are, checking into the substance of these affidavits by questioning various individuals in Baton Rouge and vicinity. (I do not know, of course, the extent or scope of their investigation or progress they are making. However, I do not believe that they have, up until possibly the last day or two, gone into the records of Louisiana State University to any extent in their investigations.)

(For your further information,) U. S. Attorney RENE A. VIOSCA of New Orleans, ^{but 6-26-39} today announced that he would have the Federal Grand Jury commencing June 30, 1939, investigate these specific charges of W. P. A. corruption and graft, and was subpoenaing the W. P. A. investigators and other witnesses to testify before the Grand Jury in this regard.

On June 19, 1939, DR. JAMES M. ^XSMITH, President of Louisiana State University, was reached by reporters for statement purposes, and advised that the sale to private individuals of mill work done at the University was against the University's policy. The records of the University were denied the reporters the following day upon the theory that the W. P. A. investigators were using same.

On the evening of June 21, 1939, Governor RICHARD W. LECHE announced his intention to resign as Governor, giving as reasons his ill health. It is claimed that he has suffered two arthritis attacks since last January, and in announcing his intention to resign he stated that he was very ill and that his doctors told him he would have to resign at once if he ever expected to recover. The account showed that he gave the statement while in bed, and that apparently Attorney General DAVID M. ELLISON, Lieutenant-Governor LONG, Mayor ROBERT S. MAESTRI and SEYMOUR WEISS were in a conference with him immediately preceding the announcement of his intended resignation.

The following day Mayor MAESTRI, in a press interview, indicated his support of Lieutenant-Governor EARL K. LONG for the Party's candidate for the Governorship, by stating he felt sure the Party caucus would nominate LONG. This was interpreted by observers as an endorsement of LONG by MAESTRI.

SEYMOUR WEISS also publically proclaimed his friendship for LONG and his support of him as Governor.

With the announcement of LECHE'S resignation, a political

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June 26, 1939.

storm arose in the State. Persons in office, who had not been friendly to EARL LONG, immediately voiced their beliefs that LONG would "clean house" upon his taking office. All kinds of rumors were prevalent concerning the resignation of various officials, however, none resigned. It was rumored that Attorney General ELLISON would resign after LONG took office, since ELLISON is supposed to be considering running for the Governorship in the Fall. LONG made the statement that he did not contemplate any changes in the State office positions "for some time"; that he would follow out the policies of LECHE as Governor.

There is much speculation, of course, as to the real reasons for LECHE'S resignation at this time. It is to be noted that while he gave the bad state of his health as his reason, and was apparently very ill on the evening he gave out the statement of his intended resignation, the following morning, June 22, 1939, he apparently was out of bed, chatted very gaily with various callers, and appeared to have suddenly recovered physically to a great extent over night. This fact was commented upon rather sarcastically by the New Orleans States and Times-Picayune the following day.

The Governor also later stated that one of his principal reasons for resigning was that he wanted to travel, and he intended to see the West coast and visit Honolulu with his family, and would be gone for a number of months.

(From what I have been able to gather, and in view of the at least tacit support of LONG by Mayor MAESTRI, I have formed the opinion that LONG'S claims to the effect that the Party leaders have made a deal with him to support him for the Governorship in 1939 are probably true.)

(In my letter to you of May 22, 1939, wherein I advised you of the Louisiana political situation, and of the fact that EARL CHRISTENBERRY will probably be Lieutenant-Governor in the event LONG is elected Governor, I stated as follows:)

"During my association with EARL CHRISTENBERRY at the Convention and my general conversation with him, I came to the definite belief that Governor RICHARD W. LECHE is presently in Washington for the purpose of endeavoring to secure the appointment as United States District Judge in New Orleans; that he expects to secure this appointment within the next month or six weeks, and if so will retire from office as Governor to enter upon his duties as judge within the next two months.

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June 26, 1939.

Upon this event taking place, EARL LONG will automatically become Governor of the State and will be in position to better further his candidacy for his reelection as Governor."

(The developments within the past week might indicate that this was to have been the plan. I have heard it generally spoken by some men I know here in New Orleans that they believe LECHE resigned at this time in order to carry out the plan of putting EARL LONG in the Governor's chair at this time, thus giving him prestige and a chance to be reelected; that LECHE had to resign even though he did not secure the judgeship, which would have given him a more graceful exit. On the other hand, I have heard the belief expressed within the past few days that the reason behind LECHE'S resignation at this time was to put EARL LONG in office so that in the interim between now and the caucus of the Party, LONG could "make a damn fool out of himself" to such an extent that the Party leaders would be justified in breaking their promise or withdraw their support of LONG as their candidate for the Governorship.)

A lot of people believe that the Party leaders, including MAESTRI, WEISS and others, do not like LONG and do not personally want to see him in the Governor's chair, however, they have given their promise to him and will have to go through with it.

It is also said that LONG is so vindictive, vicious and independent in thought and action that he will not be able to be controlled in any way by the State political machine once he assumes office, and that this is the reason why those in authority are primarily against him.

At 10:25 P. M., Sunday, June 25, 1939, Governor LECHE, after a conference with Attorney General ELLISON, EARL LONG, General LOUIS F. GUERRE, Superintendent of the State Police, handed press representatives at Baton Rouge a written statement indicating that DR. JAMES MONROE SMITH, President of Louisiana State University had apparently been guilty of misappropriation of University funds, amounting to probably "several hundred thousand dollars" and had disappeared from Baton Rouge after attempts had been made to locate him for questioning. The Governor announced, in view of these developments, he would not resign at 11:00 A. M., June 26, 1939, as he had previously announced he would on June 23, 1939.

(I am addressing a separate communication to you tonight re-

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garding the entire situation involving DR. JAMES M. SMITH and his disappearance, and the irregularities as I know them. Therefore, I will not go into this matter in this communication.)

(As will be seen from my letter to you regarding DR. SMITH it is not conceivable that at least EARL LONG would not have known a long time ago of the irregularities on the part of SMITH, since LONG'S law partner apparently was interested in the stock market manipulations with SMITH wherein the latter used the embezzled funds. SMITH, as president of Louisiana State University, made \$18,000 a year, and it was apparently well known in New Orleans by people in financial circles that SMITH was speculating in the grain market for some time.

Today's newspapers confirmed the information I telephoned to the Bureau about a week before General MURPHY and yourself visited New Orleans, to the effect that the income tax returns of DR. JAMES M. SMITH were under investigation by the Internal Revenue Department. Up to the writing of this communication tonight SMITH has not been located. There are numerous rumors that he has been shot, and he has been located in various parts of the country, however, none of these have any foundation.)

The general opinion or belief in New Orleans (tonight) is that the blowup, with respect to SMITH, is just the beginning of a general blowup throughout the whole State administration, and that other and more startling disclosures of graft, corruption and misuse of State funds will come to light. It is apparently believed generally, as far as I can determine here, that Governor LECHE gave SMITH "several hours head start" so that he would get safely out of Baton Rouge before his resignation was made public. This thought is apparently substantiated by the fact that, according to information received, SMITH handed LECHE his resignation personally at 4:00 P. M., yesterday, which allegedly came as a "complete surprise" to the Governor, and apparently no effort was made to look for SMITH until at least 8:00 P. M. that evening, when General GUERRE was notified, searched SMITH'S house, and found some of the bonds.

I have heard no rumors or opinions indicating that LECHE or any other State administration officers actually participated with SMITH in the irregularities, although there is little question in my mind but what LECHE knew about them. It is not the consensus of opinion so far as I can determine to night, that SMITH is taking the blame for others. The general thought seems to be that all of these State officials have their own "sources of gravy" and that apparently SMITH'S troubles caught up with him now, while the others' have not caught up with them yet.

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June 26, 1939.

It is generally agreed, as far as I know, that LECHE was "very fortunate" in not having his resignation take effect prior to the time that SMITH skipped out, which would have put LECHE in a much worse light than he is now. It was believed that LECHE would resign within the next day or two irrespective of these developments with regard to SMITH.

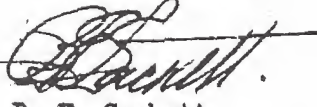
A statement was issued at 4:10 P. M. today by EARL LONG to the effect that LECHE would not resign for "several days yet". However, at 6:30 P. M., tonight LECHE announced his resignation, and within an hour thereafter LONG was sworn in as Governor of Louisiana at Baton Rouge.

It is believed (by several contacts of mine) that LECHE is very anxious to leave office and in fact, leave the State, in order to avoid as much as possible answering "embarrassing questions". For these reasons, it is entirely probable that LECHE will suddenly become well enough to travel, and will very shortly leave this part of the country with his family on an extensive "vacation".

The developments in the political situation today and this evening have caused a turmoil throughout the State, second in intensity only to the day that HUEY LONG was shot. Several of my best contacts and sources of confidential information are in Baton Rouge today covering the situation, and I have not been able to properly contact them for information. I will, however, obtain the benefit of their views and observations within the next day or two, as soon as they return to New Orleans, and will give you the benefit of those views immediately.

Since the developments of this political situation as I have outlined in this communication began on June 9, 1939, I have furnished the Bureau with complete daily newspaper clippings from the New Orleans press, and will continue to do so and will continue to advise you of the pertinent developments with respect to the entire matter.

Very truly yours,


B. E. Sackett,
Special Agent in Charge.

BES:WH

AIRMAIL-SPECIAL DELIVERY

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**Federal Bureau of Investigation
United States Department of Justice**

**NEW ORLEANS, LOUISIANA
July 3, 1939**

Ent

Mr. Tolson	_____
Mr. Nathan	_____
Mr. E. A. Tamm	_____
Mr. Clegg	_____
Mr. Coffey	_____
Mr. Egan	_____
Mr. Glavin	_____
Mr. Crowl	_____
Mr. Harbo	_____
Mr. Lester	_____
Mr. Lawler	_____
Mr. Nichols	_____
Mr. Rosen	_____
Mr. Sears	✓
Mr. Quinn Tamm	_____
Mr. Tracy	_____
Miss Gandy	_____

PERSONAL and CONFIDENTIAL

Mr. J. Edgar Hoover, Director
Federal Bureau of Investigation
Washington, D. C.

Dear Mr. Hoover:

I am submitting to you herewith three copies
of a memorandum, in accordance with your desire, summar-
izing the information developed at this office in con-
nection with the present Louisiana political situation,
also indicating the possible Federal violations involved.

Very truly yours,

B. E. Sackett

B. E. SACKETT
Special Agent in Charge

BES:ALS
Enclosures.

RECORDED

62-32501-135

FEDERAL BUREAU OF INVESTIGATION
JUL 11 1939
U. S. DEPARTMENT OF JUSTICE
<i>X</i> <i>INDEXED</i> <i>FILED</i>

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1 ENCL. C

July 3, 1939.

MEMORANDUM FOR MR. HOOVER:

In accordance with your desires, I am setting out below a resume of the most recent developments in the Louisiana State Administration irregularities, the actions on the part of the U. S. Attorney, and the possible Federal violations apparent from the information at hand as at this date. For your convenience, this information is being set out under the following described headings:

- RECORDED
&
INDEXED
- 62-32509-135X
JUL 11 1939
FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
X SOLELY
1. GENERAL.
 2. JAMES MONROE SMITH, IRREGULARITIES.
 3. W. P. A. IRREGULARITIES.
 4. FIVE PERCENT SALARY CONTRIBUTIONS BY STATE EMPLOYEES.
 5. FEDERAL SOCIAL SECURITY FUND IRREGULARITIES.
 6. INCOME TAX EVASION.
 7. POSSIBLE FEDERAL VIOLATIONS.
 - (a) Bank Robbery (Entering Bank with intent to commit a felony).
 - (b) Misuses of WPA labor and Materials.
 - (c) Section 276-B, Title 40, U. S. C. A. (5% Deductions of State Employees' Salaries).
 - (d) Fraud against Government (Social Security Fund).
 - (e) Income Tax Evasion.

8. CONCLUSION.

1. GENERAL

The present public investigations by the State officials began on the evening of June 25, 1939, when DR. JAMES MONROE SMITH, President of Louisiana State University, handed his resignation to Governor LECHE personally and disappeared from Baton Rouge. At that time, irregularities on the part of SMITH were made public, and since then the political situation in the State has been in a turmoil. Not only the majority of the newspapers in the State have been condemning the situation, but it appears that the press throughout the rest of the country has reacted to the situation in the same manner.

There is very little doubt but what Ex-Governor LECHE permitted SMITH to have a few hours start before making his knowledge of SMITH'S irregularities public and ordering a search instituted for him.

Ex-Governor LECHE resigned from office at 7:00 PM June 26, 1939, and

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Lieutenant-Governor EARL K. LONG was immediately sworn in as Governor. Since that time Governor LONG has taken the public attitude at least of instituting a crusading and reform type of administration. LONG has publically stated that he desires a thorough investigation made, not only into the Louisiana State University situation, but also in other branches of the State Government, wherein irregularities are suspected, and that he will let the "chips fall where they may" even though it involves his best friends.

The matter of LONG'S sincerity in these statements are, of course, decidedly questionable, since he has been a part of the recent State Administration and undoubtedly received personal benefits therefrom.

LONG apparently at this time has the entire backing of Mayor ROBERT S. MAESTRI of New Orleans, who is the most prominent political figure at this time in the State. MAESTRI himself has not made any public statements to the press of any nature relative to the irregularities of SMITH or of LECHE'S administration generally.

The principal enemy of the Administration is State Senator JAMES A. NOE of Monroe, La. NOE has for a number of months been collecting a great deal of data regarding various irregularities in the State Government, principally for his own use in connection with his campaign for the governorship next January.

NOE was interviewed by agents of this office in accordance with the desire of the U. S. Attorney at New Orleans, and upon your authority, and this attitude on NOE'S part is plainly apparent. NOE stated he did not know how much information to furnish, since he questioned the motives of the Administration at Washington in making a thorough and continued investigation of the Louisiana situation. He frankly stated that he promised to give all information he obtained as a result of his investigations to the Chicago Tribune newspaper and to the authors of the Washington Merry-Go-Round column. He did not furnish any definite information of value to a general investigation by our Bureau.

The East Baton Rouge Parish Grand Jury started an investigation of the alleged irregularities in Louisiana State University funds on June 28, 1939 and on June 30, 1939, returned an indictment against JAMES MONROE SMITH alleging \$100,000 embezzlement and also indicted J. M. BROWN, SMITH'S broker in New Orleans, MRS. JAMES MONROE SMITH, OWEN W. WARE, SMITH'S son-in-law and J. EMORY ADAMS, SMITH'S nephew. This was in the nature of a preliminary report of the Grand Jury, and that

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body indicated that it was inquiring further into other situations. It is due to reconvene Wednesday, July 5, 1939, to hear other witnesses.

JAMES MONROE SMITH and his wife surrendered to local authorities at Brockville, Ontario, Canada, on the evening of July 1, 1939, and representatives of the District Attorney's office, Baton Rouge, and Louisiana State Police, are today enroute to Canada to return SMITH to Baton Rouge.

U. S. Attorney RENE A. VIOSCA of New Orleans, upon receipt of instructions from Attorney General MURPHY personally to inquire into the entire situation for the purpose of determining whether any Federal violations have occurred, began to call witnesses before the Federal Grand Jury at New Orleans on June 30, 1939. From my several conferences with U. S. Attorney VIOSCA since he received his instructions from the Attorney General, it is quite apparent to me that MR. VIOSCA has no definite organized plan of action, and that he personally would desire the FBI to "go into the whole situation". He has made a few specific requests of this office such as interviewing MR. ANDREW P. TUGWELL, the State Treasurer, JAMES A. NOE, and MRS. ALICE LEE GROSJEAN, formerly secretary to HUEY LONG, and the head of two departments of the State Government under Governor LECHE. These interviews have been conducted without developing any general information of interest.

MR. VIOSCA also has made the request that our Bureau investigate the 5% deductions made from the salaries of State employees to determine whether the Federal laws have been violated. Appropriate inquiries have been made in this regard and a summary of this situation will be found set out below.

MR. VIOSCA has also requested that the situation involving the three loans totaling \$500,000 made by SMITH be developed for possible Federal angles and this has been done by this office, with results shown hereinafter.

MR. VIOSCA has expressed to me a lack of confidence in the investigation into the WPA irregularities being conducted by the Division of Investigations of the Works Progress Administration under the supervision of its New Orleans agent in charge, MR. PAUL HANSEN. He has asked this office to investigate one specific angle of the situation involving Ex-Governor LECHE, which has been done, and a report is today being submitted relative thereto. These are the only specific requests which MR. VIOSCA has made of this office to date.

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The WPA investigators have not submitted any written reports to MR. VIOSCA, although I strongly suggested and urged him to insist upon written reports from them.

On Saturday, July 1, 1939, he received a report from the Intelligence Unit, Internal Revenue Bureau, relative to income tax evasions by SMITH, which will be commented upon hereinafter, and on the same date started presenting evidence to the Federal Grand Jury relative to such violation by having the Internal Revenue agent testify.

In presenting evidence to the Federal Grand Jury MR. VIOSCA has no apparent organization or definite objectives, since he has no Federal violations worked up completely, and is merely subpoenaing all persons who may have some evidence bearing on the entire situation. This is true of persons who have written MR. VIOSCA letters claiming to know details surrounding WPA irregularities, as well as other irregularities.

At the present time the Federal Grand Jury investigation apparently is in the nature of a general Grand Jury inquiry, and with the possible exception of the income tax evasion case against SMITH, it does not appear that any definite and complete cases of Federal violations of any description has been worked up sufficiently for proper and full presentation to the Grand Jury. Even the income tax case apparently needs additional investigation before all possible evidence is ascertained.

MR. VIOSCA expects to continue presenting witnesses before the Grand Jury for at least several weeks, and apparently hopes to obtain leads from the testimony of these people before that body which would enable further investigations into the different matters. As at the time of dictating this memorandum all requests made by the U. S. Attorney of this office, and which have been approved by yourself, have been fully complied with, and reports on everything handled by this office in connection with the entire matter are today going forward to the Bureau. The one exception to this statement is the investigation relative to the loans totaling \$500,000 obtained by SMITH concerning which further investigation will have to be conducted at the banks on Wednesday.

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2--JAMES MONROE SMITH--IRREGULARITIES

On about December 1, 1936 at New Orleans, Louisiana, James Monroe Smith, then President of the Louisiana State University, met J. M. Brown of Equities Inc., a firm dealing in commodities, (coffee, sugar, real estate, etc.,) through George Ashton also of Equities Inc. Smith subscribed to and purchased shares of stock in Equities Inc. in the amount of \$5,000.00 which was increased within thirty days to \$12,000.00. In January 1937 Smith was made Vice-President of this concern and received at first \$75.00 per month and later \$100.00 per month.

In December 1936 Smith told J. M. Brown that he wanted to trade in the stock market.

On December 10, 1936 J. M. Brown, the intermediate broker who maintained his office in the Union Building in New Orleans, Louisiana, filed with Fenner and Beane, brokers of New Orleans, Louisiana a power of attorney signed by James Monroe Smith. This power of attorney authorized Brown to buy and sell securities and commodities for Smith's account and vested in Brown all authority to deal for Smith.

On December 17, 1936 Brown submitted to Fenner and Beane a letter signed by Smith in which it was stated that it was the desire of Smith to use the account name of "J. Monroe". This signature was duly acknowledged by Smith in the presence of a representative of Fenner and Beane. Brown filed a customers contract card and loan agreement card signed by Smith giving as an address the address of Brown's office. Smith represented that he was dealing for a group of wealthy individuals in Baton Rouge, Louisiana.

From time to time Brown placed with Fenner and Beane cash and bonds, among these being a number of Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College Bonds and also \$50,000.00 Orleans Levee District Refunding Bonds.

In December 1938 Brown deposited with Fenner and Beane for the accounts of Smith, as additional collateral, \$375,000.00 Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College Bonds. In April, 1939 Fenner and Beane asked for a legal opinion on the bonds.

On May 2, 1939 Smith negotiated a loan for the Louisiana State University and Agricultural and Mechanical College at the National Bank of Commerce New Orleans, Louisiana for \$300,000.00, tendering a resolution dated March 8, 1939 by the Board of Supervisors authorizing the loan. Smith was issued a cashier's check payable to Fenner and Beane for \$300,000.00 the same date. This check was tendered to Fenner and Beane by J. M. Brown and was deposited to the account of Fenner and Beane in the National Bank of Commerce in New Orleans, Louisiana. The bonds were withdrawn from Fenner and Beane when the check was tendered.

On May 20, 1939 Brown delivered to Fenner and Beane, \$375,000.00 Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College bonds for safekeeping, with a statement that instructions would

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follow as to the accounts in which they were to be placed. These bonds were not needed as collateral. A few days later Fenner and Beane asked for a legal opinion which they advised would be forthcoming and on May 31 Fenner received instructions as to the accounts to which the bonds should be placed. A legal opinion was obtained from Benjamin Campbell, to the effect that the bonds were legal, but the approval of the State Bond and Tax Board was not promptly forthcoming so Brown was requested to take up the bonds by Fenner and Beane, which was done. On June 15, 1939 Brown deposited at the Louisiana Savings Bank and Trust Company, \$375,000.00 worth Louisiana State University and Agricultural and Mechanical College bonds which are presently in the bank.

On June 9, 1939 Smith negotiated a \$100,000.00 loan for the Louisiana State University and Agricultural and Mechanical College at the City National Bank off Baton Rouge, Louisiana, tendering a resolution dated May 29, 1939 of the Board of Supervisors authorizing the loan. Smith was issued a New Orleans Exchange on the Hibernia National Bank the same date for \$100,000.00 which bears the endorsement of the Louisiana Savings Bank and Trust Company, New Orleans. Smith took this check to Brown who in turn gave Fenner and Beane his own check for \$100,000.00 drawn on the Louisiana State Bank and Trust Company of New Orleans.

On June 14, 1939 Smith negotiated a loan for \$100,000.00 at the Hibernia National Bank, New Orleans, tendering a resolution dated May 29, 1939 of the Board of Supervisors authorizing the loan. Smith was issued a cashier's check the same date payable to the Louisiana State University and Agricultural and Mechanical College which check bears the endorsement of the National Bank of Commerce, New Orleans. Smith deposited this check in the account of the Louisiana State University maintained at the National Bank of Commerce and on June 15, 1939 he was issued a cashier's check drawn on the account of the Louisiana State University payable to Fenner and Beane in the amount of \$100,000.00. The bank claimed they issued the checks on Smith's instruction as Smith had the power to draw checks on the account.

On June 15, 1939 Brown delivered to Fenner and Beane the check for \$100,000 drawn on the National Bank of Commerce and stated that it was his intention to close the account. The balance of the commitments were closed by Brown and on June 15, 1939 Fenner and Beane delivered to Brown \$214,000.00 Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College Bonds.

The following checks were also delivered to Brown:

June 15, 1939	\$20,000.00
June 15, 1939	5,000.00
June 20, 1939	16,960.03

Brown claimed the bonds amounting to \$214,000.00 had been held by Fenner and Beane as collateral for about a year and that the checks received from Fenner and Beane in closing out the account were not given to Smith, but were retained to cover commitments of Smith; that he thought all the bonds submitted by Smith were legitimate.

Mr. Charles Fenner of Fenner and Beane claimed that on June 7, 1939 two Smith accounts of which there were several carried three and one half million

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bushels of wheat; that the market dropped from 74 to 68 thereby making it necessary to sell out the Smith accounts. Fenner further advised that there were deposited to the Smith account at one time \$50,000.00 Orleans Levee Board Bonds believed to be the property of Monte Hart (a member of the Hart Electrical Enterprise Co. and a member of Caldwell Brothers and Hart Construction Company, New Orleans which later company is alleged to have obtained a major portion of the construction work at the Louisiana State University in the \$13,500,000.00 building program). Fenner also advised that checks of Leon C. Weiss went into the Smith account (Weiss is an architect of the firm of Weiss, Dreyfouse and Seiferth, New Orleans and designed many structures in the State of Louisiana including the State Capitol).

With the exception of the one \$100,000.00 item, obtained from Baton Rouge, previously mentioned, the procedure usually followed by Smith in depositing money or collateral in his account with Fenner and Beane was for Smith to take the money or collateral to J. M. Brown who would have it delivered to Fenner and Beane which Smith waited in Brown's office for his receipt from Fenner and Beane.

It appears that Smith did not want his identity generally known, but it was of course known to Brown and Fenner and Beane.

Investigation is being conducted to determine the names of the persons who were payees in connection with checks issued by Fenner and Beane in handling Smith's account and is being set out in an investigative report. Arrangements have been made to check the records of J. M. Brown with reference to his dealings with Smith and also his dealings with Fenner and Beane for Smith.

Between June 23 and June 25, 1939 while Smith was staying at the New Orleans Hotel in New Orleans Smith called the residence of G. C. Heidelberg, Baton Rouge, Louisiana, Mrs. Heidelberg being his secretary, E. M. Jackson Business Manager of the Louisiana State University and the then Governor R. W. Leche, Covington, Louisiana using the name of Brown. At about 4:30 p.m. June 25, 1939 Smith handed in his resignation as President of the Louisiana State University to Governor Leche at Baton Rouge, Louisiana and at about 7:00 p.m. he and his wife Mrs. Thelma Ford Smith were taken from Baton Rouge to Memphis, Tenn. by Owen Ware, his son-in-law, and J. Emory Adams, his nephew. From Memphis the Smith's went through Chicago to Detroit, Michigan where they purchased a car and went into Canada and on July 1, 1939 are reported to have been taken into custody by the Police at Brockville, Ontario, Canada.

On June 30, 1939 an East Baton Rouge Parish Grand Jury, Baton Rouge, Louisiana indicted James Monroe Smith, Thelma Todd Smith, Owen Ware and J. Emory Adams and J. M. Brown in connection with Smith's alleged irregularities in Louisiana State University funds.

On July 1, 1939 Assistant U. S. Attorney Robert Weinstein swore to a secret complaint at New Orleans, Louisiana before U. S. Commissioner Reginald H. Carter, Jr., charging that on or about May 2, 1939 James Monroe Smith at New Orleans, Louisiana in violation of Section 588 b, title 18, U. S. C. A. did unlawfully, wilfully and feloniously enter the National Bank of Commerce and the building used by the said Smith with intent to commit in such bank and building a felony, to wit, embezzlement of \$300,000.00 from the Louisiana State University and

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Agricultural and Mechanical College. A non est return was made July 1, 1939.

James Monroe Smith was born in Jackson Parish, Louisiana on October 8, 1888 and was one of nine children, three of which are still living. He moved with his family to Ward 8, West Monroe, Louisiana when about 16 years of age. Both his parents are dead but he has a step-mother, Mrs. J. H. Smith living at West Monroe, Louisiana. Smith is reported to have worked his way through school and thereafter became a teacher in the Public Schools of DeQuincy, Louisiana where his wife also taught. He was Dean in the College of Education at the Southwestern Louisiana Institute, Lafayette, Louisiana from 1920 to 1930. On November 17, 1930 he became President of the Louisiana State University and resigned June 25, 1939. Smith received a degree from Valparaiso University in 1913; an B. A. from the Louisiana State University in 1921; took graduate work at the University of Chicago in the summer of 1922; received an M. A. degree from Teachers College of Columbia University in 1925 and received a Ph. D. degree from Columbia University in 1927. Smith was married to Thelma Todd on June 3, 1914 and they have two children.

July 3, 1939

5. WORKS PROGRESS ADMINISTRATION IRREGULARITIES

The investigation of the alleged misuse of material and labor of the Works Progress Administration was started under the supervision of PAUL HANSEN, Field Agent in Charge, Division of Investigation, Works Progress Administration, at New Orleans, on June 18, 1939, after an article appeared in the Washington Merry-Go-Round column the previous day. At the present time Mr. HANSEN has seven investigators working on this case and expects that three more will be assigned to the matter on July 5, 1939. Mr. HANSEN was interviewed concerning the scope of his investigation and the evidence he has, by an agent of this office today, with the following information being obtained. A separate report showing this interview and all detailed information obtained is being submitted today to the Bureau.

Of the thirty-two WPA projects on the Louisiana State University Campus, all with the exception of five have been completed. \$1,835,962.00 of Federal funds were approved for all of the projects; of this amount \$1,457,966.00 were for labor and \$377,966.00 were for materials and miscellaneous expenses. The Louisiana State University pledged funds totaling \$2,077,053.00, of which \$402,042.00 were for labor and \$1,675,011.00 were for materials and other expenses. As of May 31, 1939 a total of \$1,353,088.81 of Federal funds had been expended, the break-down being \$1,026,938.64 for labor and \$326,150.17 for materials; that as of that date the Louisiana State University expended, according to WPA records, \$2,275,949.18, the break-down being \$1,465,701.53 for labor and \$1,810,247.65 for material and other expenses.

It appears that most of the WPA money was spent for relief labor and supervision, and that the L.S.U. money was spent mostly for materials. In this regard, the WPA purchased materials in the sum of \$326,150.17 as compared with the sum of \$1,810,245.65 spent by L.S.U. with its funds for materials. According to this ratio, for every dollar's worth of material bought by the Government with WPA funds, the Louisiana State University bought six dollars worth of material. It appears, therefore, that one of the principal problems in this investigation is to trace the source of the material used on outside private projects, since it would necessarily have to be proven that materials purchased with WPA funds, and not State funds, were used in order for a Federal violation to have occurred.

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According to Mr. HANSEN, most of the irregularities apparently were diversion of WPA materials which were alleged to have occurred from the early part of 1936 up until a very recent date; GEORGE CALDWELL, Superintendent of Construction at Louisiana State University, apparently supervised the entire construction and apparently directed the diversion of both WPA labor and material, as well as Louisiana State University labor and material.

Mr. HANSEN'S investigation apparently indicates that two tenant houses were fabricated on L.S.U. grounds during a period of from six to eight weeks by L.S.U. carpenters and ten to fifteen WPA laborers. These houses were taken to the private residence of former Governor RICHARD LECHE, being loaded on L.S.U. trucks by WPA laborers, and erected on LECHE'S property. HANSEN is now trying to trace the lumber and materials used in the construction of these houses to determine whether such material was actually WPA property or State property. HANSEN says there is no indication to date that LECHE knew that the WPA employees services were diverted or used in the construction of these houses, although unquestionably CALDWELL had knowledge thereof since he apparently supervised the construction. In addition thereto, Mr. HANSEN'S office is working presently on information that about four or five hundred flagstones, about twelve or eighteen inches in size, were made on the L.S.U. Campus with the services of WPA laborers and were taken to former Governor LECHE'S estate at Covington and placed on a walk between the house and an artificial lake.

To date, according to Mr. HANSEN, it appears that the following-named individuals have built homes with the assistance of WPA materials and/or services of WPA laborers:

D. M. ELLISON, Attorney General of the State of Louisiana;
JAMES MONROE SMITH, former President of Louisiana State University;
OWEN W. WARE, son-in-law of DR. JAMES MONROE SMITH;
HARRY GADEN, in Charge of Animal Husbandry, L.S.U.;
E. N. JACKSON, Business Manager, Louisiana State University;
GEORGE C. CALDWELL, Superintendent of Construction,
Louisiana State University;
EUGENE BARKSDALE, Assistant to GEORGE C. CALDWELL, L.S.U.;
ROY SPANN, Paymaster, Louisiana State University;
MRS. HUEY P. LONG, widow of the late Senator HUEY P. LONG;
M. L. MONJET, Project Superintendent, WPA;
JIMMY MARSHALL, Project Foreman, W.P.A.;
JIMMY HEIL, Project Foreman, W.P.A.

It appears that Mr. HANSEN has a little evidence involving all of the above-named individuals; however, he is now trying to determine the value of the WPA materials and cost of WPA labor used in

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the construction of these private residences. He is also trying to determine whether the materials used were actually WPA materials or materials purchased with State funds. This appears to be rather difficult, since the materials purchased by WPA and the State were intermingled and apparently until about a year ago there was no effort made to keep track of what specific WPA materials were used on specific projects or parts thereof. This angle will apparently require a great deal of detailed and thorough investigation.

It appears that HANSEN has already presented evidence to the Federal Grand Jury implicating LECHE, CALDWELL, E. M. JACKSON and a few others; that his agents have inspected the work done on LECHE'S estate at Covington and have questioned LECHE, who furnished HANSEN with cancelled checks which LECHE claimed were payments for materials which went into the two tenant houses.

It can be seen from the above information that investigation by the Division of Investigation agents is still in the first stages of development, and so far has been apparently restricted, with the exception of the Governor, to a few of the officials connected with the Louisiana State University. To date, neither Mr. HANSEN nor any of his investigators have prepared any written reports, but HANSEN expects to submit a report regarding the developments of the entire investigation within the next several days. It does not appear that to date the WPA investigation has been completed with respect to any of the individuals mentioned by HANSEN, nor does it appear that any employees or officials of the WPA have been or are being investigated for possible malfeasance in connection with the conversion of WPA materials and labor.

It would appear the WPA Investigators are merely checking the allegations contained in the affidavits secured by JAMES A. NOE'S representatives, and which formed the basis for the Washington Merry-Go-Round column comments.

Common rumor has it that practically every State official of any importance, close to administration circles, has during the past three years received some personal and direct benefits from the WPA operations in the State of Louisiana. It would appear that the present scope of the WPA investigation merely scratches the surface of the entire matter, and its presently indicated scope is not by any means wide enough to cover the entire situation, according to rumors which are prevalent.

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July 3, 1939

4. FIVE PERCENT SALARY CONTRIBUTIONS
BY STATE EMPLOYEES.

Five percent contributions from State employees of the State of Louisiana started on a temporary basis allegedly to defray campaign expenses during the period when the late Senator HUEY P. LONG was dominating State politics, in his own administration and during the administration of Governor O. K. ALLEN. When JAMES A. NOE was Governor in 1936 for a period of approximately four months he discontinued this practice but it was again instituted and put on a permanent basis when RICHARD W. LECHE became Governor. The five percent contribution from State employees applies to all State employees with few exceptions. The State Highway Department, the Department of Public Welfare and the Labor Department are reported to receive Federal aid, the Highway Department principally benefitting from Federal aid under the Federal Aid Highway Laws of 1916.

Federal aid funds are given to the State Highway Department to reimburse the State for certain contractual expenditures and also for engineering services on approved Federal projects. All disbursements are made out of the State fund, which is reimbursed by Federal aid funds, the Federal funds being comingled with the State funds although a detailed accounting is allegedly made. On the usual Highway aid project contractors are paid monthly by the State for the extent of the State's obligation to the contractors for that month, whereupon the Federal Government, after being furnished a voucher for the expenditures on what is known as a progress voucher, reimburses the State to the extent of fifty percent of the eligible items approved under the Highway Act. Engineering expenses are reimbursed to the same extent only after completion of a project in the event the engineering expense does not exceed a certain percent of the total expenditure. The only State employees whose salary is thus reimbursed are engineers assigned to the project and they are reported not to be permitted to contribute five percent of their salaries to the campaign contribution. Contractors and their employees are not State employees and are reported not to make contributions. In case of grade crossing elimination projects under the Emergency Act the setup is identical except that the Federal Government reimburses the State one hundred percent for eligible items.

Reference is made to the case of CHESTER MARTIN which was submitted to the Bureau by letter dated May 26, 1938, involving a violation of Section 276B, Title 40, United States Code, Bureau file 86-1045, in which instance CHESTER MARTIN, an employee of the State Highway Department, alleged that he was discharged for failure to pay the five percent contribution. United States Attorney RENE A. AVIOSCA, New Orleans, Louisiana, advised the Department had declined prosecution in the MARTIN case. It appeared that the Department had ruled that MARTIN was a State employee at the time of the alleged deductions and was being paid by the State, even though he was engaged in projects towards which the Federal Government had made financial contributions.

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Page 13.

Memo for Mr. Hoover.

July 3, 1939

MARTIN is the only person reported to have been discharged for failure to pay the five percent contribution.

Before a detailed investigation is conducted it is requested that this matter be referred to the Department for a ruling to determine whether or not the foregoing information might constitute a Federal violation.

5. FEDERAL SOCIAL SECURITY FUND IRREGULARITIES.

JAMES CAMERON NELSON, formerly an employee of the State Employment Bureau of Louisiana for a period of sixteen months until March 5, 1939, claimed that B. W. CASON, Commissioner of Labor of the State of Louisiana, embezzled social security funds paid out under unemployment compensation by causing duplicate pay orders to be issued to fictitious persons, this being accomplished by the State Employment Bureau communicating with the Regional Office advising that a certain pay order could not be located, which bore a given number and a social security number; that the Regional Office would issue a duplicate order, leaving out the claimant's name; that when the duplicate order reached the State Employment Bureau office it would be given a different social security number and a fictitious name would be inserted; that a check would be made payable to this person, countersigned by the State Treasurer, then returned to the Employment Bureau where the check would be cashed. It is claimed that when the check was returned to the Treasurer the duplicate order, as well as the check, would be destroyed.

This is the best information received to date on this angle and no further investigation was conducted in the absence of instructions to do so and it is, therefore, not known if the allegations are true and what Federal funds, if any, went into the fund from which unemployment compensation was paid.

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Memo for Mr. Hoover:

July 3, 1939.

6. INCOME TAX EVASION.

The Intelligence Unit of the Internal Revenue Bureau has been investigating JAMES MONROE SMITH'S income tax returns for 1936, 1937 and 1938 for a period of several months. The first and only written report submitted to the U. S. Attorney at New Orleans was submitted on the morning of July 1, 1939 to U. S. Attorney VIOSCA, who has not yet apparently had the opportunity of digesting the contents thereof. From a general discussion MR. VIOSCA has had with the representatives of the Intelligence Unit, it would appear that SMITH, in connection particularly with his stock market manipulations, had failed to pay a tax to the Government amounting to a total of approximately \$15,000, in connection with his returns for 1936, 1937 and 1938.

MR. VIOSCA is not familiar with the detailed evidence proving such evasions as yet, however, he indicated to me that apparently there is still some investigation to be conducted pertaining to the matter before all of the evidence is known.

According to MR. VIOSCA the Internal Revenue Service has also developed some evidence tending to show that LEON C. WEISS, architect who built the Louisiana State Capitol and most other public buildings, E. N. JACKSON, business manager of Louisiana State University, and GEORGE CALDWELL, Construction Superintendent of Louisiana State University, are guilty of tax evasions. The investigations relative to these individuals, however, appear not to be complete by any means, and apparently the Internal Revenue Service is still trying to obtain conclusive evidence with regard to those persons.

MR. VIOSCA indicated to me today that this constitutes all of the evidence or information he has before him at the present time in connection with any income tax evasion violations involving any individuals in the State Administration. From my conversation with MR. VIOSCA I secured the impression that he knows very little about the investigations made by the Intelligence Unit of the Bureau of Internal Revenue and that such organization did not submit any written reports to him, relative to any persons other than JAMES MONROE SMITH and his wife. It is not known, apparently, whether the Internal Revenue agents scrutinized the tax returns of all State Administration officials or just what the entire scope of their investigation is or has been.

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July 3, 1939

7. POSSIBLE FEDERAL VIOLATIONS.

After carefully considering all of the information on hand, I believe that the following constitutes all possible Federal violations which may be involved. Some of these possibilities will, of course, have to be investigated further before it can be determined whether they actually are Federal violations.

(a) Bank Robbery. (Entering bank with intent to commit a felony).

The theory of this violation is that JAMES MONROE SMITH personally negotiated three loans, totaling \$500,000.00, from three different national banks, namely, loan of \$300,000.00 from the National Bank of Commerce, New Orleans, Louisiana, on May 2, 1939; loan of \$100,000.00 from the City National Bank of Baton Rouge, Louisiana, on June 9, 1939; and loan of \$100,000.00 from the Hibernia National Bank of New Orleans on June 14, 1939. He unlawfully gave notes for these sums as President of LSU and presented Board of Supervisor resolutions authorizing such loans which he signed as Secretary of the Board. The theory of the United States Attorney is that when SMITH obtained these loans personally in these banks, he knew that he was going to use them for his brokerage account and own personal use and, therefore, he committed a felony either by, in the first place, defrauding the banks, if he did not obtain the loans legally, or, in the second place, defrauding the University by converting the funds to his own use, if he did legally obtain the loans as President of the University.

A Federal Commissioner's complaint was filed at New Orleans, Louisiana, by the United States Attorney on July 1, 1939, and warrant issued charging SMITH with having violated Section 588B, Title 12, USCA, in connection with the May 2nd loan. The fact as to this complaint has been kept secret. There is a distinct question as to whether these actions were in violation of the statute mentioned since the same is in the identical situation as cashing a forged check in a bank and concerning which there has been no decision or test case.

Before MR. VIOSCA proceeds with an indictment or further prosecution of SMITH on these charges he intends to secure the advice and authority from the Criminal Division of the Department.

(b) Misuses of WPA Labor and Materials.

The investigation presently being conducted by the Division of Investigation, Works Progress Administration, is very narrow in scope and only involves a comparatively few individuals. Some of the evidence

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July 3, 1939.

has been presented to the Federal Grand Jury; however, no complete cases have as yet been worked up. There is ever evidence that Ex-Governor LECHE, Superintendent of Construction CALDWELL of LSU, and a number of other State officials and persons closely associated with the State administration, received direct and personal benefits by having WPA labor and materials furnished them on personal and private projects. In order to go into the entire situation and actually make cases against all persons who may be guilty in any way, including conspiracy, it will be necessary that a thorough, detailed, intense investigation be instituted by a large number of men and that such investigation be conducted in such a manner that the public will have complete confidence in its investigators so that all possible information will be volunteered by WPA workers and other persons having knowledge and pertinent information.

(c) Section 276B, Title 40, USCA. (Five percent Salary Contributions by State Employees).

Up to the present time the information obtained indicates only one individual, namely, CHESTER MARTIN, who alleges he was discharged for failure to pay the five percent contribution. MARTIN has been assisting JAMES A. NOE in the latter's attempt to besmirch the State administration. There is a distinct and definite question as to whether, even in the event a thorough investigation would result in locating individuals who were coerced into contributing five percent, the Federal statutes have been violated due to the commingling of State and Federal funds and the method of paying the State Highway employees. The Department has apparently considered this matter in May of 1938 and ruled that it was not a violation.

Before any further investigation is conducted on this angle it is respectfully suggested that the Department rule as to the possibility of a Federal violation in order to save a great deal of investigative time and expense.

(d) Fraud Against the Government. (Social Security Funds).

Information relative to this matter was received at this office from one individual, as set out previously in this memorandum, and this person will presumably testify to such information before the Grand Jury. No investigation has as yet been instituted to determine whether Federal social security funds are involved and whether the Statements made by the informant are true. A thorough investigation of these angles would have to be instituted before it could be determined whether Federal violations have occurred in this regard.

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July 3, 1939

(e) Income Tax Evasions.

Evidence is being presented to the Federal Grand Jury by the Intelligence Unit agents of the Internal Revenue Bureau indicating that JAMES MONROE SMITH defrauded the Government of the sum of approximately \$15,000.00 in connection with the submission of his 1936, 1937 and 1938 returns. There is some indication that E. M. JACKSON and GEORGE CALDWELL, of the University, and possibly LEON C. WEISS, the architect, may be guilty of this offense; however, the investigations have not apparently been completed regarding them.

The full scope of the Internal Revenue Bureau's income tax evasion investigations is not known but it is apparently definite that such organization has not worked up any cases against any other individuals in the State administration or closely friendly to the State administration.

July 3, 1939

8.

CONCLUSIONS

I am submitting my personal opinions and conclusions regarding the possible Federal angles to this entire matter purely for whatever value they might be, as I see it from all of the evidence and information on hand here.

I do not believe that a general income tax investigation of all prominent persons connected with the State Administration would be productive in showing a large number of violations. It is my belief that all of these men have profited by the mistakes of Capone and others, particularly after a number of income tax evasion indictments were returned against a number of prominent Louisiana politicians and officials several years ago. I am of the belief that they have and are paying taxes on all of their income, even though some of it is illegitimate, and may be shown as "political fees."

The situation involving the five per cent contribution of salaries by State employees is, in the first place, a very questionable violation, and secondly, does not present itself to me as being the kind of situation wherein it would be possible to involve a large number of State officials and others in the State administration.

The complaint about the possibility of fraud in connection with the Social Security funds contributed to the State has not, of course, been substantiated and it is not known whether there is a violation.

To my mind the best possible angle from a Federal standpoint, according to the information we now have, is a thorough, detailed, complete investigation of the WPA irregularities in the State. From the evidence and information at hand, it appears that a large number of State officials and persons close to the administration received direct benefits, and it would also appear that diligent and thorough investigation should be able to secure proof so that a large number of cases involving numerous individuals could be made.

It does not appear to me from my viewing the situation here in New Orleans that the public generally has complete confidence in the thoroughness and impartiality of an investigation into the situation being made by the WPA Division of Investigation. I, personally, know that the New Orleans States and Times-Picayune newspapers, particularly the States, has for a number of months collected a great deal

62-53-10-115

July 3, 1939

of specific data, including names, dates, places, etc. of WPA irregularities, but has not disclosed such information to the WPA investigators because the officials of these newspapers feel convinced that the matter will be "whitewashed." I know that this newspaper would turn all of this information over to me if I could assure them that our Bureau would make a thorough investigation of it, since the officials highly respect the integrity of the FBI and of Attorney General Murphy. I am also of the belief that if it were publicly announced that the FBI was making an investigation of WPA irregularities, the public, including WPA workers and laborers themselves, would have enough confidence in our Bureau that they would come forward and volunteer a great deal of information.

To me, in this present situation at New Orleans, the WPA irregularities angle of this entire matter presents the same possibilities for breaking up the situation generally, as did the election fraud situation in Kansas City.

Respectfully submitted,



B. E. SACKETT
Special Agent in Charge

BES:CWD:
wh:pmh:als

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FROM

DO-

OFFICE OF DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

TO

OFFICIAL INDICATED BELOW BY CHECK MARK

Mr. Tolson	_____	()
Mr. Nathan	_____	()
Mr. E. A. Tamm	_____	()
Mr. Clegg	_____	()
Mr. Coffey	_____	()
Mr. Crowl	_____	()
Mr. Egan	_____	()
Mr. Glavin	_____	()
Mr. Harbo	_____	()
Mr. Lawler	_____	()
Mr. Lester	_____	()
Mr. McIntire	_____	()
Mr. Nichols	_____	()
Mr. Rosen	_____	()
Mr. Sears	_____	()
Mr. Quinn Tamm	_____	()
Mr. Tracy	_____	()
Secretary	_____	()
See Me	_____	()
Prepare Reply	_____	()
For Your Information	_____	()
Note and Return	_____	()
File	_____	()

Remarks:

not on rec.

July 10, 1938

JF2:FE2

Time 3:20 p.m.

MEMORANDUM FOR MR. TANK

Re: DR. JAMES MONROE SMITH;
BANK ROBBERY

SAC Sackett called from New Orleans and furnished the following information in connection with the above entitled case.

Mr. Viosca, U. S. Attorney, informed Mr. Sackett that this morning he and his staff talked to Mr. J. M. Fush, who is the individual who has been collecting the 5% contributions of the State employees for a number of years. Fush said that during the lifetime of Huey Long he turned the money over to Long; that after that Governor O. K. Allen received the money and since then he has turned the money over to ex-Governor Leche and to Dr. Joseph A. O'Hara. O'Hara is president of the Louisiana Democratic Association which is the State political group. He is also president of the Board of Health and the father of Judge William J. O'Hara, who we are now investigating for the Federal Judgeship in New Orleans. Dr. Joseph A. O'Hara will be called before the Grand Jury and he will testify relative to the disposition of these funds. Dr. O'Hara claims to have kept a complete set of books and records of the funds which he has agreed to turn over to the investigators of the Intelligence Division of the Internal Revenue Department. According to Mr. Sackett what Mr. Viosca now plans to do is to trace the funds as paid out to various individuals and see whether these funds have been accounted for in the various income tax returns. Dr. O'Hara has maintained that the 5% was not collected from any persons who were paid with Federal money and only State employees paid with State funds contributed the 5%.

According to Mr. Viosca, the income tax investigations are progressing better than usual and it is his opinion that they now have a good case against Monte Hart, who is connected with the construction outfit which did most of the work at Louisiana State University.

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32509-135

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MEMORANDUM FOR THE DIRECTOR

- 2 -

8-10-33

Mr. Sackett stated that according to the press dispatches in New Orleans the Petroleum Conservation Division of the Department of the Interior is conducting an investigation into the "hot" oil practice in the State of Louisiana. This concerns the bootlegging of oil and it is alleged there was much State graft in connection with the leasing and operating of State oil lands.

Mr. Vlosca also advised Mr. Sackett that the F.P.A. investigation is progressing better and the investigators have been able to make both George Marshall and Eugene Bortolale, F.P.A. foremen, talk and they are apparently securing much valuable information which will greatly increase the scope of this investigation. However Mr. Vlosca has still to receive a written report from the F.P.A. investigators.

Mr. Sackett stated there has been received at the New Orleans Office during the last few days numerous anonymous letters and telephone calls giving information relating to F.P.A. irregularities. Mr. Sackett inquired as to what disposition he should make of these letters. I told him he would be informed as to what disposition he should make of them.

Mr. Sackett stated a report has just been submitted relative to the investigation of a safe company regarding a safe allegedly installed in the home of ex-Governor Leche. Mr. Sackett stated all of the information in this report is negative and requested permission to furnish the U. S. Attorney with a copy of this report. I told Mr. Sackett he would be advised whether this would be satisfactory.

I informed Mr. Sackett of the information which was furnished by SAC McKee of Pittsburgh in two teletype messages dated July 10th and July 8th relative to James Marshall Brown. This information was furnished in view of Mr. Sackett's teletype dated July 7th. Mr. Sackett stated the information which I gave him would be sufficient and requested a copy of the two teletypes mentioned above. I told him these copies would be forwarded to him.

Respectfully,

J. F. SEARS

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E T:COH

Time: 12:53 p.m.

July 13, 1938

MEMORANDUM FOR THE DIRECTOR

RE: DR. JAMES MONROE SMITH
POLITICAL SITUATION IN LOUISIANA

SAC Sackett called from New Orleans and advised that Seymour Weiss is presently at the Hotel New Yorker in New York City and will not return to New Orleans until a week from tomorrow.

In view of the fact that Weiss will probably be indicted tomorrow in connection with the mail fraud case, it has occurred to Mr. Sackett that it would be advisable to interview Weiss personally in New York since after he is indicted he may not wish to talk. The Bureau has made no investigation of the mail fraud angle but Mr. Sackett thinks now would be the psychological time for him to be interviewed.

Mr. Sackett suggested that inasmuch as he is to be in Washington for the SAC Conference, that he leave a little early and conduct the interview in New York since he knows Weiss pretty well. I told Mr. Sackett I would talk to you about this and then let him know of your wishes.

Respectfully,

E. A. TAMM

RECORDED
&
INDEXED

62-32509-134
FEDERAL BUREAU OF INVESTIGATION
JUL 14 1938
U. S. DEPT. OF JUSTICE
✓
ONE

ORIGINAL FILED IN 115

FEDERAL BUREAU OF INVESTIGATION

U. S. DEPARTMENT OF JUSTICE

Transmit the following Teletype message to:

FBI LOS ANGELES 7-11-39

SAC NEW ORLEANS

POLITICAL SITUATION IN LOUISIANA. RE TELEPHONE CALL. ATTORNEY
NICHOLS ADVISES THAT PARTY REFERRED TO WILL BE AVAILABLE FOR
INTERVIEW FRIDAY MORNING. AT LEAST FIRST INTERVIEW WILL HAVE
TO BE MADE THROUGH ATTORNEY NICHOLS.

HOOD

JFH:AB
62-1721
CC BUREAU

62-32509
FEDERAL BUREAU OF INVESTIGATION
JUL 17 1939
U. S. DEPARTMENT OF JUSTICE
TWO

Approved: _____
Special Agent in Charge

Sent _____ M Per _____

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JOHN EDGAR HOOVER
DIRECTOR

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

JFS:GPK

July 7, 1939

MEMORANDUM FOR MR. E. A. TAMM

Re: OPOLITICAL SITUATION IN LOUISIANA

Mr. Tolson	.....
Mr. Nathan	.....
Mr. E. A. Tamm	.....
Mr. Clegg	.....
Mr. Coffey	.....
Mr. Egan	.....
Mr. Glavin	.....
Mr. Crowl	.....
Mr. Harbo	.....
Mr. Lester	.....
Mr. Lawler	.....
Mr. Nichols	.....
Mr. Rosen	.....
Mr. Sears	.....
Mr. Quinn Tamm	.....
Mr. Tracy	.....
Miss Gandy	.....

Time: 9:25 P. M.

Special Agent DiLillo telephoned from Pittsburgh at the suggestion of Special Agent McKee with reference to James Anthony Murphy.

He reported that Murphy was arrested in Pittsburgh, Pa., April 8, 1931, by Inspector James N. Hoey and charged with being a suspicious person. This was later changed and he was charged with passing worthless checks. There is no disposition as to what was done with him at the number 4 police station in Oakland where he was taken.

James Anthony Murphy was publishing a small weekly paper at the time of his arrest in Oakland, called the Oaklander and it was in connection with this publication that he passed some bad checks. When the publisher died, Murphy married his daughter being under the impression at the time that she had some money. This information was furnished by Alderman Wicks (phonetic) who knew Murphy very well and who identified his photograph as being that of James Anthony Murphy.

SA DiLillo stated that he had been unable to contact Inspector Hoey who also knew Murphy very well and who should be able to furnish more definite information as to his background. He said he would do this in the morning.

I advised DiLillo to be cautious in his inquiries and to keep the Bureau informed as to developments.

Respectfully,

J. F. Sears.

62-32509-12

FEDERAL BUREAU OF INVESTIGATION

1934

✓ The Director

Mr. Nathan

Mr. Tolson

Mr. Clegg

Mr. Glavin

Mr. Nichols

Mr. Crowl

Mr. Tracy

Files Section

Personnel Files

Identification Division

Technical Laboratory

Mechanical Section

Chief Clerk's Office

Crime Statistics

Mr. Tolson

Mr. Nathan

Mr. E. A. Tamm

Mr. Clegg

Mr. Coffey

Mr. Egan

Mr. Glavin

Mr. C

SUPERVISORS

Mr. Harbo

Mr. Lee Mr. Cornelius

Mr. L. Mr. Guerin

Mr. Nichols Mr. Hayden

Mr. Rosen Mr. Hogan

Mr. Scott Mr. Kimball

Mr. Quinn Mr. Kramer

Mr. Tracy

Miss Gandy

Mr. Lawler

Mr. McIntire

Mr. Pennington

Mr. Rosen

Mr. Sears

Mr. Zimmer

Mr. Balch

Mr. Bellino

Mr. Bickley

Mr. Brennan

Mr. Carson

Mr. Chambers

Miss Gandy

Mr. West

Mrs. Morton

Miss Coe

Mr. Albaugh

Mr. Halter

Miss Conlon

Mr. Gauthier

Typists - 5724

Stenographers - 5716

See Me

Bring file up to date

Send File

Correct

Call me regarding this

Note and Return

Search, serialize and route

Stenographers 5724

Stenographers 5730

Stenographers 5706

Prepare tickler for

E. A. TAMM - 5734.

JFB:K

July 10, 1939

MEMORANDUM FOR THE FILE

Re: JAMES MONROE SMITH -
Louisiana State Officials -
INFORMATION CONCERNING.

July 5
7 P.M.

I advised SAC Sackett that he could attend the opening of the Police School at Meridian, Mississippi.

Mr. Sackett requested authority to present the various reports in the above entitled case to United States Attorney Viosca. He was advised when the authority was granted he would be informed.

July 6

Special Agent Weeks advised that he had received a request from Paul Hanson, investigator for the WPA, for records of the Independence Lumber Company, information concerning which is set out in the report of Special Agent T. F. Wilson, New Orleans, dated July 3, 1939, in the case entitled WPA irregularities. Mr. Weeks advised that pertinent records were in the possession of the New Orleans office, and that photostatic copies had been made. Mr. Weeks suggested that the original record be transmitted to Mr. Viosca for transaission to Mr. Hanson. He was advised that this procedure would be permissible.

Mr. Weeks was advised to transmit copies of the following reports to Mr. Viosca:

RECORDED & INDEXED

Report of Special Agent C. W. ~~Orleans~~, dated July 2, 1939, entitled LOUISIANA STATE OFFICIALS, INFORMATION CONCERNING.

U. S. DEPARTMENT OF JUSTICE

Mr. Tolson.....
Mr. Nathan.....
Mr. E. A. Tamm.....
Mr. Clegg.....
Mr. Coffey.....
Mr. Glavin.....
Mr. Ladd.....
Mr. Nichols.....
Mr. Rosen.....
Mr. Tracy.....
Mr. Carson.....
Mr. Egan.....
Mr. Gurnea.....
Mr. Harbo.....
Mr. Hendon.....
Mr. Jones.....
Mr. Quinn.....
Mr. Nease.....
Miss Gandy.....

ORIGINAL FILED IN

62-32509-132
JUL 11 1939
TAMM
TWO
FBI

Memo for
the File

-2-

July 18, 1939

Report of Special Agent T. F. Wilson,
New Orleans, dated July 3, 1939, in the
case entitled WPA IRREGULARITIES, IN-
FORMATION CONCERNING.

Report of SAC B. E. Sackett, New Orleans,
dated July 3, 1939, in the case entitled
JAMES MONROE SMITH, with aliases - FUGITIVE;
NATIONAL BANK OF COMMERCE, New Orleans,
Louisiana, May 2, 1939; BANK ROBBERY (Entering
Bank with intent to commit a felony).

J. F. Sears.

Mr. Tolson
Mr. Nathan
Mr. E. A. Tamm
Mr. Clegg
Mr. Coffey
Mr. Egan
Mr. Glavin
Mr. Ladd
Mr. Nichols
Mr. Rosen
Mr. Tracy
Mr. Carson
Mr. Egan
Mr. Gurnea
Mr. Harbo
Mr. Lester
Mr. Quinn Tamm
Mr. Nease
Mr. Gandy

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JFS:DW

62-32509 -131

July 14, 1939

RECORDED

Special Agent in Charge
New Orleans, Louisiana

Re: Louisiana State Officials,
Information Concerning

Dear Sir:

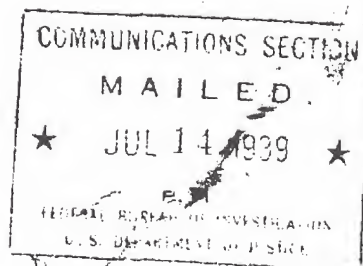
Reference is made to your letter of July 10, 1939, requesting authority to submit a copy of the report of Special Agent C. W. Dunker, dated at New Orleans, Louisiana, July 10, 1939, to United States Attorney Rene A. Viosca, New Orleans, Louisiana.

You were previously authorized to furnish this report to Mr. Viosca by Inspector J. F. Sears on July 11, 1939.

Very truly yours,

John Edgar Hoover
Director

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Egan _____
Mr. Glavin _____
Mr. Crowl _____
Mr. Harbo _____
Mr. Lawler _____
Mr. McIntire _____
Mr. Rosen _____
Mr. Sears _____
Mr. Nichols _____
Mr. Q. Tamm _____
Mr. Tracy _____
Miss Gandy _____



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Spencer
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Federal Bureau of Investigation
United States Department of Justice

NEW ORLEANS, LOUISIANA
July 10, 1939

Director
Federal Bureau of Investigation
Washington, D. C.

AIR MAIL -
SPECIAL DELIVERY

Re: LOUISIANA STATE OFFICIALS;
Information Concerning

Dear Sir:

There is being transmitted herewith report of Special Agent C. W. DUNKER of this office, of even date, in the above-entitled case, covering some investigation which was conducted in accordance with request of United States Attorney RENE A. VIOSCA, New Orleans, Louisiana.

It is requested that the Bureau authorize this office to submit a copy of Agent DUNKER'S report to Mr. VIOSCA.

Very truly yours,

B. E. Sackett
B. E. SACKETT
Special Agent in Charge

CWD:ALS
Enclosures.

RECORDED COPY FILED IN 94-4-1785-15

RECORDED

62-2779-131
JUL 11 1939
FBI - NEW ORLEANS
11/22

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **New Orleans, Louisiana**

REPORT MADE AT NEW ORLEANS	DATE WHEN MADE 7-10-39	PERIOD FOR WHICH MADE 7-6, 9, 10-39	REPORT MADE BY C. F. DORRER
TITLE LOUISIANA STATE OFFICIALS		CHARACTER OF CASE INFORMATION CONCERNING	

SYNOPSIS OF FACTS:

Coats Safe & Lock Co., New Orleans, has no record of selling safe or vault to R. W. LECHE, Covington, La., but sold numerous vault doors to GEORGE CALDWELL, but it is not known where they were used.

P

DETAILS:

AT NEW ORLEANS, LOUISIANA

United States Attorney **RENE A. VIOSCA**, New Orleans, at 10:00 a.m. on July 6, 1939, advised that **R. W. LECHE** was anonymously reported to have had a vault made in his home at Covington, Louisiana, by the **Coats Safe & Lock Company**, 527 Carondelet Street, New Orleans. This vault was reported to have cost \$20,000 and is anonymously reported to have been equipped with tear gas. He advised this vault was supposed to have contained a lot of cash, and it was rumored that the 5% contributions from the State employees' salaries are in this vault.

Mr. **VIOSCA** requested that the Bureau determine if the Coats Safe & Lock Company did build a vault in there, so he can go ahead with the investigation to determine if the vault did contain the 5% contributions or any taxable income. Mr. **VIOSCA** was advised that this matter would be taken up with the Bureau for authorization to conduct the investigation requested.

A teletype was sent to the Bureau advising of the request of U. S. Attorney **VIOSCA**, and on July 9, 1939 Assistant Director **E. A. TAMM**

APPROVED AND FORWARDED: <i>[Signature]</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
COPIES OF THIS REPORT 5 Bureau (AIR MAIL-special delivery) 5 New Orleans		JUL 12 1939
COPIES DESTROYED 170 SEP 17 1964		123

telephonically authorized Special Agent in Charge R. E. SACKETT to have the investigation conducted as requested by Mr. VIOSCI.

The writer interviewed MRS. GEORGETTE TOMLIN, bookkeeper, Coats Safe & Lock Company, 527 Carondelet Street, who advised that the Coats Safe & Lock Company had been in business for three years, having assumed the business of the former Coats Safe & Lock Company, a branch of the Deibold Safe & Lock Company, Canton, Ohio. She advised that the company had not built a safe or vault for R. W. LECHE within the past three years. She advised, however, that the company had sold numerous vault doors to GEORGE CALDWELL. (GEORGE CALDWELL was construction superintendent at Louisiana State University, and also a member of the contracting firm of Caldwell Bros.) She advised that she did not know where these vault doors were taken; that it was common practice among contractors to get vault doors and take them away without indicating where they would be used, so that it was entirely possible that CALDWELL did get the vault door or safe for R. W. LECHE.

PENDING

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT

New Orleans, Louisiana

FILE NO. **62-972**

DATE: **7-10-39**

REPORT MADE AT NEW ORLEANS	DATE WHEN MADE 7-10-39	PERIOD FOR WHICH MADE 7-4, 5, 10-39	REPORT MADE BY S. W. DUNKER
TITLE LOUISIANA STATE OFFICIALS		CHARACTER OF CASE INFORMATION CONCERNING	

SYNOPSIS OF FACTS:

Coats Safe & Lock Co., New Orleans, has no record of selling safe or vault to E. W. LECHE, Covington, La., but sold numerous vault doors to GEORGE CALDWELL, but it is not known where they were used.

P

DETAILS:

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APPROVED AND FORWARDED:	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
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5 New Orleans		

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SJT:DLS

July 1, 1939

PERSONAL AND CONFIDENTIAL

Mr. E. E. Sackett
Federal Bureau of Investigation
United States Department of Justice
1308 Masonic Temple Building
New Orleans, Louisiana

Dear Mr. Sackett:

There is transmitted herewith a copy of a memorandum dated June 15, 1939 at Washington, D. C., covering an interview with Harry Joseph Costello, a newspaper man from Louisiana, presently residing temporarily in Washington, D. C.

This memorandum is for your confidential information only in connection with recent developments in the State of Louisiana.

Sincerely yours,

John Edgar Hoover
Director

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Crowl _____
Mr. Egan _____
Mr. Foxworth _____
Mr. Glavin _____
Mr. Harbo _____
Mr. Lester _____
Mr. McIntire _____
Mr. Nichols _____
Mr. Quinn Tamm _____
Mr. Tracy _____
Miss Gandy _____

Enclosure

RECORDED
&
INDEXED

COMMUNICATIONS SECTION
MAILED

JUL 1 1939

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE

62-32509-130X
FEDERAL BUREAU OF INVESTIGATION
JUL 6 1939
U. S. DEPARTMENT OF JUSTICE

RECORDED COPY FILED

126

JPS:DF

62-54173-6

July 19, 1939

64-32509-130X1

Mrs. H. Sherman Baker
Box 224
University, Louisiana

Dear Mrs. Baker:

Your letter of July 1, 1939, addressed to Honorable
Frank Murphy, Attorney General, has been referred to this
Bureau for investigative attention.

Your letter will be referred to the United States
Attorney at New Orleans, Louisiana, for appropriate attention.

Very truly yours,

John Edgar Hoover
Director

cc New Orleans

COMMUNICATIONS SECTION

MAILED

JUL 19 1939

P. M.

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE

5 for EAT

C

127

- Mr. Tolson
- Mr. Nathan
- Mr. E. A. Tamm
- Mr. Clegg
- Mr. Coffey
- Mr. Egan
- Mr. Glavin
- Mr. Ladd
- Mr. Nichols
- Mr. Rosen
- Mr. Tracy
- Mr. Carson
- Mr. Hendon
- Mr. Jones
- Mr. Quinn
- Mr. Nease
- Miss Gandy

JFS:DF

July 19, 1939

RECORDED

62-32509-130X1

Special Agent in Charge
New Orleans, Louisiana

Re: Louisiana State Officials
Information Concerning

Dear Sir:

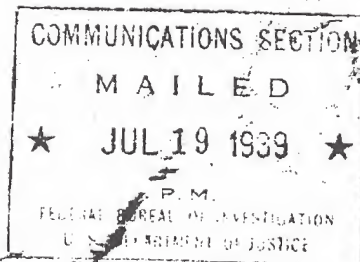
I am transmitting herewith copies of a letter
addressed to the Attorney General under date of July 1, 1939,
from Mrs. E. Sherman Baker, Box 224, University, Louisiana,
for reference to the United States Attorney at New Orleans,
Louisiana.

Very truly yours,

John Edgar Hoover
Director

Mr. Tolson _____
Mr. Nathan _____
Mr. E. A. Tamm _____
Mr. Clegg _____
Mr. Coffey _____
Mr. Egan _____
Mr. Glavin _____
Mr. Crowl _____
Mr. Harbo _____
Mr. Lester _____
Mr. McGuire _____
Mr. Rosen _____
Mr. Sears _____
Mr. Nichols _____
Mr. Q. Tamm _____
Mr. Tracy _____
Miss Gandy _____

Inclosure



5/10/39 EAT

4224
University, La.
July 1, 1939.
The Honorable Mr. Frank Murphy, Attorney General
Office of the Attorney General
Washington, D. C.

62-32509-130X
RECORDED
&
INDEXED
FEDERAL BUREAU OF INVESTIGATION
JUL 12 1939
U. S. DEPARTMENT OF JUSTICE

My dear Mr. Murphy,

As a voter living in the state of Louisiana
and as a citizen of the United States, I wish
to add my plea to the others, asking that you
make a thorough investigation into all things
in the state of Louisiana that you feel need
attention.

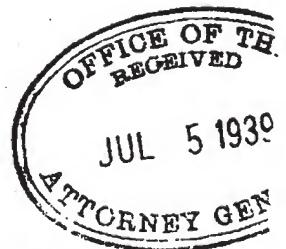
I have only resided in Kansas City, Missouri
but I, as well as the rest of the country, are
grateful to you for what you and your
workers did for that city.

Thank you for your attention.

Very respectfully yours

Frances H. Baker.

(Mrs. H. Sherman).



copy

Box 224
University, La.
July 1, 1938.

The Honorable Mr. Frank Murphy, Attorney General
Office of the Attorney General
Washington, D. C.

My dear Mr. Murphy,

As a voter living in the state of Louisiana, and as a citizen of the United States, I wish to add my plea to the others, asking that you make a thorough investigation into all things in the state of Louisiana that you feel need attention.

I have only visited in Kansas City, Missouri but I, as well as the rest of the country, are grateful to you for what you and your workers did for that city.

Thank you for your attention.

Very respectfully yours

/s/ Frances H. Baker
(Mrs. H. Sherman)

2-32509-180X

5/17/34

1:20 P. M.

MEMORANDUM FOR THE FILE

**Re: Doctor James Monroe Smith
Political Situation in Louisiana**

I called SAG Sackett at New Orleans and advised that in talking with the Director he had commented concerning United States Attorney Viosca's ever going attitude and that he believes Viosca should insist on the submission of a report on the part of the WPA investigators of everything they have. Sackett advised he had just finished talking with Viosca and had just suggested that.

With reference to the developments in this situation SAG Sackett advised as follows:

A complaint was filed just now before the United States Commissioner charging James Monroe Smith with having violated Section 500-B of Title 18, United States Code, which is the entering of a banking premises with intent to commit a felony. The charges specifically are that on May 2, 1933 he entered the National Bank of Commerce at New Orleans with intent to commit a felony, to wit, embezzlement of \$300,000 from the Louisiana State University and the Mechanical College. The warrant has been returned not found and Sackett has three copies in his possession.

This morning one of the Internal Revenue Investigators is appearing before the Grand Jury on the income tax case against Mr. and Mrs. Smith. Sackett talked with Viosca about this and he just received a written report from the Intelligence Unit and has not had a chance to digest it as yet, but after talking with the Intelligence Unit man there appears to be a good possibility of a conspiracy case on income tax against Leon C. Teles, the architect, in addition to the Smiths. Sackett does not know the details as yet but has arranged to obtain a copy of the Intelligence Unit report for his own information.

RECORDED & INDEXED

James M. Brown, the broker, has been released on investigation \$10,000 bond this morning and in line with previous conversations Sackett is going to try to have him interviewed this afternoon.

U. S. DEPARTMENT OF JUSTICE

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Memorandum for the File

- 2 -

July 1, 1939

or tomorrow. Sackett advised he thought it would be a wise idea to try to get into Brown's records if this is considered advisable. I informed that he should do this.

Sackett advised he thinks Pritchard will want some more investigation on the bank robbery angle by getting copies of the supporting documents in connection with the loans. I advised that as this is just a continuation of what has been done he should go ahead and do this.

Sackett advised he would have a complete report in the Bureau by Wednesday morning.

J. A. Jones

Federal Bureau of Investigation
United States Department of Justice
LOS ANGELES, CALIFORNIA
JUNE 30, 1939

Mr. Tolson	
Mr. Nathan	
Mr. E. A. Tamm	
Mr. Clegg	
Mr. Coffey	
Mr. Egan	
Mr. Glavin	
Mr. Crowl	
Mr. Harbo	
Mr. Lester	
Mr. Lawler	
Mr. Nichols	
Mr. Rosen	
Mr. Sears	
Mr. Quinn Tamm	
Mr. Tracy	
Miss Gandy	

Director
Federal Bureau of Investigation
Washington, D. C.

Dear Sir:

Re: POLITICAL SITUATION IN LOUISIANA

RECORDED & INDEXED

Mrs. W. A. THARPE was communicated with by telephone (Bradshaw 21667) by Special Agent J. F. HYNES on June 29, 1939, for the purpose of arranging an interview, at which time she stated that her immediate plans were indefinite, as she was staying at the home of friends, but that she would telephone on the following day and advise as to the best place at which it would be most convenient for her to hold an interview.

On June 30, 1939, Attorney CHARLES L. NICHOLS of the law firm of NICHOLS & MATTOON, 650 South Grand Avenue, Los Angeles, telephoned and informed Agent HYNES that Mr. and Mrs. THARPE had advised him of the request to interview them; that he was going out of town for the week end, but that he could arrange to hold an immediate interview in his office. As it appeared that there was no other way in which to interview Mrs. THARPE, but in the presence of her attorney the interview was made by Agent HYNES at the office of Attorney NICHOLS.

Present at the interview, in addition to the above-named Agent, were Mr. NICHOLS, Mr. MATTOON, and Mr. and Mrs. THARPE. It was explained to those present, at the outset, that it was desired that the interview be kept confidential, and those present agreed that it would be so kept.

It was suggested that Mr. and Mrs. THARPE might have some information bearing on the present situation in Louisiana, which they might care to disclose at this time; however, both Mr. and Mrs. THARPE professed to have no knowledge of anything regarding that situation. Mrs. THARPE stated that she was appointed Secretary of State by HUEY LONG in the year 1929, and that she held this position until 1932; that she was then given the position of Supervisor of Public Accounts; that in 1936, the title of this position was changed to Collector of Internal Revenue, and that she held this position until February, 1939, when she was let go by Governor LECHE. She ex-

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DIRECTOR

-2-

6-30-39

Re: Political Situation in Louisiana

plained that the position was appointive by the Governor, and that, of course, he could remove anyone from the position, as well as appoint them. Mr. THARPE, however, chose to state that his wife and himself had been "fired". He stated that he did not know the reason why they were fired.

He advised that he had held the position of Secretary of the Louisiana Tax Commission for approximately five and one-half years, having been appointed during the O. K. ALLEN administration; that in February of this year, F. WARREN RAGGIO, Chairman of the Tax Commission, asked for his resignation; that he refused to resign, and that then the Commission wrote him a nice letter, telling him he was dismissed.

Both Mr. and Mrs. THARPE reiterated that they had no information of value to offer concerning anything in Louisiana. Their attorney, Mr. NICHOLS, advised that he might state their position to be that of not having anything of a voluntary nature to offer, but that if there were any specific matter upon which information was desired, they would tell what they knew about it. Mr. and Mrs. THARPE concurred in this statement.

Mr. THARPE stated, with reference to JAMES MONROE SMITH, missing President of the Louisiana State College, that SMITH'S alleged shortage was a complete surprise to him; that about five years or so ago, shortly after he married Mrs. THARPE, they had dinner at Mr. SMITH'S home, but that that occasion was the last social contact that they had with him. Mr. THARPE stated that he would never have suspected Mr. SMITH of ever doing anything wrong.

Wise Mr. THARPE was asked if he was acquainted with SEYMOUR WISE, and he stated he was; that WISE was a suave individual who was the manager, and reputed to be the owner, of the Roosevelt Hotel in New Orleans; that he understood from newspaper accounts that the Government had been after WISE for a number of years, but that he knew nothing concerning WISE, or as to how WISE made his money. Mr. THARPE advised that the only reason he knew which would cause Governor LECHER to resign was that of ill health.

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DIRECTOR

Re: Political Situation in Louisiana

-3-

6-30-39

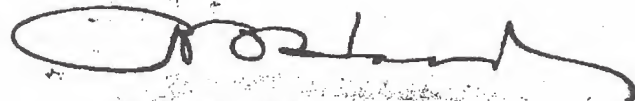
Attorney NICHOLS advised that he was at one time a Special Assistant to the Attorney General, and prosecuted several Mail Fraud cases here in Los Angeles a number of years ago, and that he would give the Bureau every cooperation; that as far as he had been able to learn from Mr. and Mrs. THARPE, they had no information of any irregularities, et cetera. He stated that if the Bureau had any specific matters to question them about, he and they would be glad to cooperate.

Attorney NICHOLS informed that he was going to spend the holidays at the Bel Air Club, which is located on Roosevelt Highway north of Santa Monica, California; that the telephone number is Santa Monica 29981; that he intends to have Mr. and Mrs. THARPE spend part of their time there, and that if it were desired to get in touch with them, if he were contacted through the above number, he would be able to reach them.

In view of the fact that Mr. and Mrs. THARPE profess not to know anything of interest concerning the situation in Louisiana, and because there is not sufficient information concerning the background of this case available, on which to question them further, no other questions were asked.

It is noted that Mr. and Mrs. THARPE have expressed their willingness to be interviewed in the future on any specific matter.

Very truly yours,



R. B. HOOD
Special Agent in Charge

JFH:AB
62-1721

AM&SD

CC NEW ORLEANS (2)

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